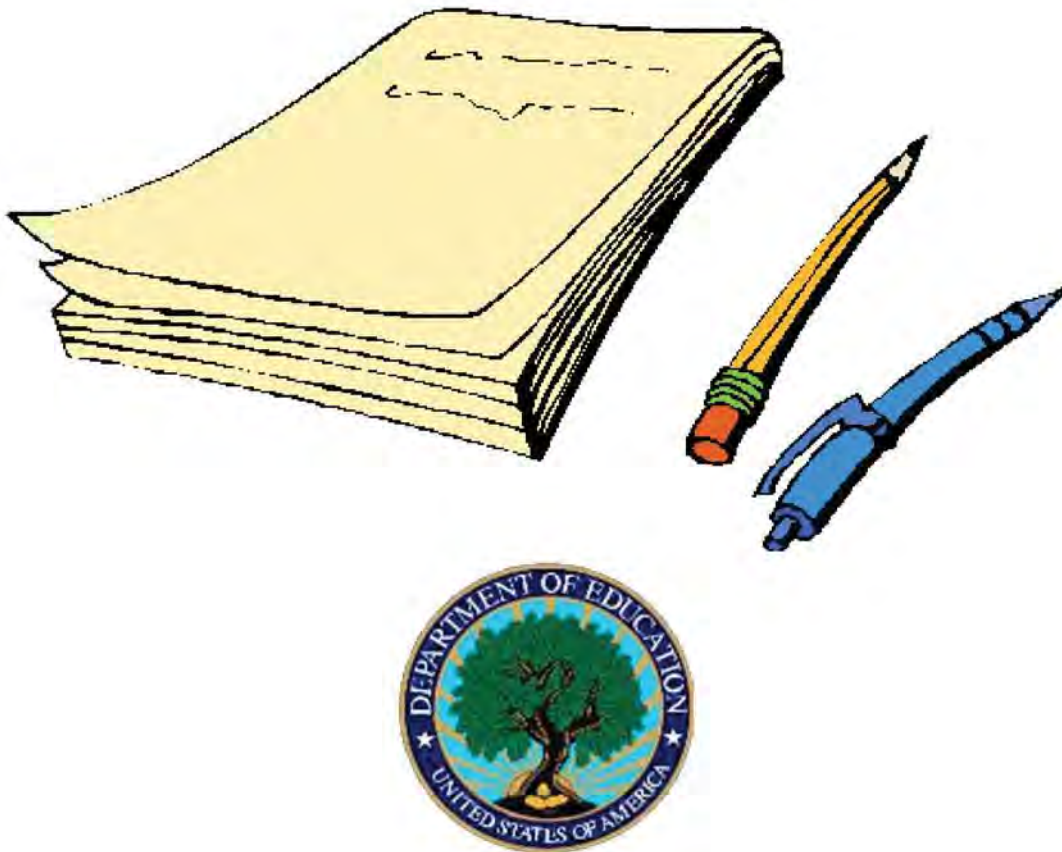


PCA Procedures Manual: 2009 ED Collections Contract



U.S. Department of Education

**Prepared by:
Federal Student Aid
Operation Services
Processing Division**

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Disclaimer

This PCA Procedures Manual is designed to enhance and expound upon contractual requirements as outlined in the RFQ and the Statement of Work. The Manual establishes many of the day-to-day procedures and policies necessary for Private Collection Agencies to collect defaulted federal student loans and grant overpayments under the U. S. Department of Education collections contract.

The Manual does not provide comprehensive guidance of all regulatory and contractual requirements. Nor does the Manual relieve private collection agencies and affiliated contractors of their obligation to comply with all of the statutory and regulatory provisions governing the statement of work. In addition, it does not relieve the above from compliance with all contract requirements and other statutes and guidelines (including specific processing/training manuals) that are applicable to the ED collections contract.

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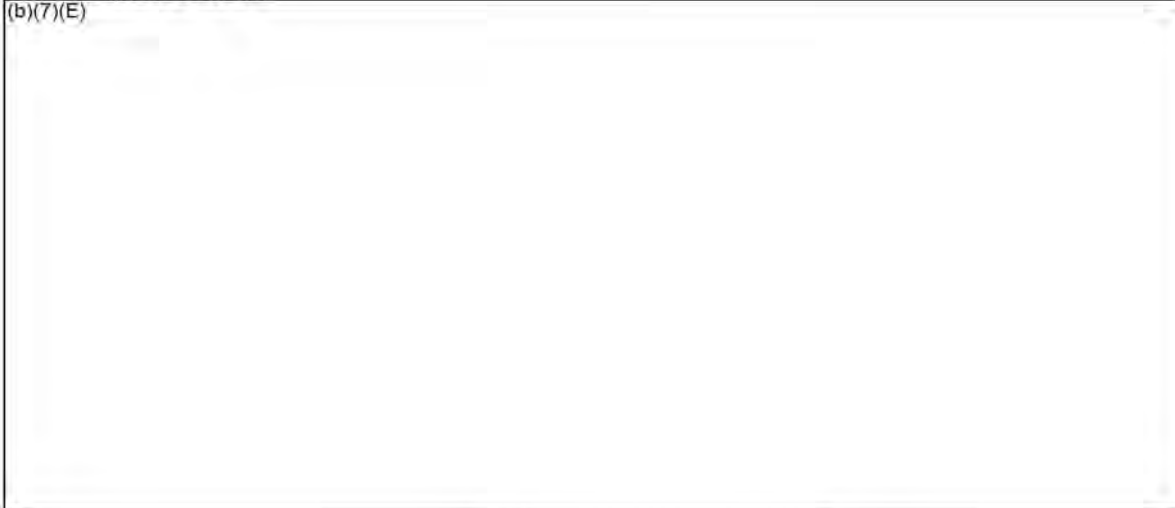
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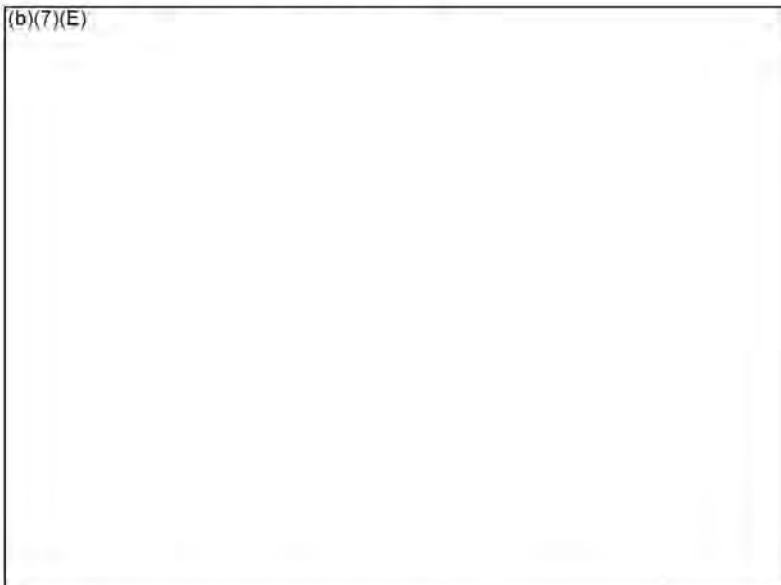
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OVERVIEW

The U.S. Department of Education's Federal Student Aid programs are the largest source of student aid in America, providing nearly 70% of all student aid. For many, collection of defaulted student loans is one of the final steps in the financial aid process. We collect and service student loans that have been assigned or referred to ED (e.g., Perkins loans, defaulted FFELP loans, defaulted Direct Loans, converted TEACH grants), as well as, Pell, SEOG, ACG and National SMART overpayments.

A critical component in our collection efforts is the Private Collection Agencies (PCAs). Under the 2004 contract, 17 PCAs collectively each year recover billions of dollars in defaulted student loans. The Education collections contract is often seen within the Federal Government, as well as, the collection industry, as a best in business. ED strives to develop the best possible working relationship with the PCAs, while maintaining comprehensive oversight and a dedicated commitment to outstanding customer service.

One of the main areas that enable ED to achieve such high marks within our collection efforts is our Statement of Work, RFQ, PCA Procedures Manual, and AWG Hearings and Employer Compliance Manuals. The following procedures manual has been designed to assist PCAs with day-to-day processing necessary in working with, resolving, and closing borrower accounts.

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This PCA Procedures Manual is considered a “living” document and will be updated as appropriate with new or corrected information.

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CHAPTER 1: LAW AND REGULATIONS

1. LOAN AND GRANT PROGRAMS

The U.S. Department of Education (ED), Federal Student Aid, Borrower Services, Default Resolution Group, performs collection and administrative resolution activities on debts resulting from non-payment of student loans and grant overpayments made under the various Title IV student aid programs.

A. Federal Family Education Loan (FFEL) Program:

➤ Stafford Loan Program

The Stafford Loan Program [formerly the Guaranteed Student Loan {GSL} Program] is authorized by Title IV, Part B of the Higher Education Act of 1965, as amended (the HEA) (20 U.S.C. 1071 *et seq.*). Participating lending institutions using non-Federal funds make these loans. The loans are either guaranteed by state or private non-profit guaranty agencies and reinsured by the Federal Government, or are insured directly by the Federal Government. The guaranty agencies, lenders or subsequent note holders will adhere to the due diligence requirements in making, disbursing, servicing and collecting loans as outlined in the applicable regulations, 34 CFR 682.206-208; 34 CFR 682.411; and 34 CFR 682.507.

➤ Supplemental Loans for Students

The Supplemental Loans for Students (SLS) are authorized by section 428A of the HEA (20 U.S.C. 1087-1). Under the SLS Program, banks and other financial institutions make loans to independent undergraduate, graduate, and professional students with similar due diligence requirements for all note holders.

➤ FFEL Consolidation Loan Program

The FFEL Consolidation Loan Program is authorized by section 439(o) of the HEA (20 U.S.C. 1087-2(o)). Under the consolidation loan program, eligible lenders make loans to consolidate all of a borrower's education financed student loans, including FFEL, Direct Loan Stafford, PLUS, Perkins, and Health Professions Loans. Once these loans are granted, applicable due diligence is required of all note holders.

➤ Parent PLUS Loan Program

The Parent PLUS Loan Program [formerly Parental Loans for Undergraduate Students] is authorized by section 428B of the HEA (20 U.S.C. 1078-2). Under the Parent PLUS

program, banks and other financial institutions make loans to parents of dependent students. Certain regulatory due diligence will be followed by all note holders.

➤ Graduate/Professional PLUS Loans

Under the Higher Education Reconciliation Act of 2005 (HERA), graduate or professional students became eligible to borrow under the PLUS Loan Program. The terms and conditions applicable to Parent PLUS Loans are also applicable to Graduate/Professional PLUS Loans. The holder of the note must adhere to all due diligence requirements as provided by applicable regulations.

B. William D. Ford Federal Direct Loan Program:

Under the William D. Ford Federal Direct Loan Program (Direct Loan), the Secretary makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school.

➤ Federal Direct Stafford/Ford Loan Program

The Federal Direct Stafford/Ford Loan Program is authorized by Title IV, Part D of the HEA (20 U.S.C. 1087a et seq.). Loans made under this program are referred to as Direct Subsidized Loans. This program provides loans to undergraduate, graduate, and professional students attending schools participating in the Direct Loan Program. The Secretary subsidizes the interest while the borrower is in an in-school, grace, or deferment period.

➤ Federal Direct Unsubsidized Stafford/Ford Loan Program

The Federal Direct Unsubsidized Stafford/Ford Loan Program is authorized by Title IV, Part D of the HEA (20 U.S.C. 1087a et seq.). Loans made under this program are referred to as Direct Unsubsidized Loans. This program provides loans to undergraduate, graduate, and professional students attending schools participating in the Direct Loan Program. The borrower is responsible for the interest that accrues during any period.

➤ Federal Direct PLUS Program

The Federal Direct PLUS Program is authorized by Title IV, Part D of the HEA (20 U.S.C. 1087a et seq.) and the HERA. This program provides loans to parents of dependent students and graduate or professional students attending schools that participate in the Direct Loan Program. The borrower is responsible for the interest that accrues during any period.

➤ Federal Direct Consolidation Loan Program

The Federal Direct Consolidation Loan Program is authorized by Title IV, Part D of the HEA (20 U.S.C. 1087a et seq.). This program provides loans to borrowers who consolidate their FFEL, and Direct Loan Stafford and PLUS Loans. Currently, Perkins Loans and Health Professions Loans may only be consolidated into a Direct

Consolidation Loan if at least one FFEL or Direct Loan program loan is included in the consolidation. There are three types of Direct Consolidation Loans:

- Direct Subsidized Consolidation Loans. Subsidized Title IV education loans may be consolidated. Interest is not charged to the borrower during in-school and deferment periods.
- Direct Unsubsidized Consolidation Loans. Certain Federal education loans may be consolidated into a Direct Unsubsidized Consolidation Loan. The borrower is responsible for the interest that accrues during any period.
- Direct Plus Consolidation Loans. Parent Loans for Undergraduate Students, Federal PLUS, Direct PLUS, and Direct Plus Consolidation may be consolidated into a Direct PLUS Consolidation Loan. The borrower is responsible for the interest that accrues during any period.

C. Perkins Loan Program:

The Perkins Loan Program [formerly the National Defense/Direct Student Loans {NDSL} Program] is authorized by Title IV, Part E of the HEA (20 U.S.C. section 1087aa et seq.). Under this program, ED assists in the establishment and maintenance of revolving loan funds at institutions of higher education to provide low-interest, long-term loans to help financially needy students pay their educational costs. Students will apply directly to their schools to participate in the Perkins Loan program.

Perkins regulations, 34 CFR Part 674 Subpart C, require schools to exercise due diligence in the collection of Perkins accounts. However, in 1979, because of rising institutional Perkins default rate, ED implemented provisions of the HEA, whereby schools could submit defaulted loans to ED for additional collection activity (20 U.S.C. Section 1087cc (a)).

D. Pell Grant Program:

The Pell Grant Program is authorized by section 411 of the HEA (20 U.S.C. section 1070a et seq.). An individual student's award is based upon his/her enrollment status, the cost of attendance at the institution, and his/her Student Aid Index. Using this information and the Pell Grant Payment Schedule for the appropriate year, the financial aid officer at the institution calculates the student award.

When a student receives a grant greater than he/she is entitled to receive, he/she is considered to have received an overpayment. Overpayments may occur through incorrect calculation of an award, through incorrect information reported by a student on his/her financial aid application, a student dropping or withdrawing from class or a student's failure to make satisfactory academic progress. If the overpayment is not caused by an institutional error, the recipient is liable for repayment. In these cases, an institution will submit the debt to ED for collections as outlined in

the Pell Grant regulations, 34 CFR 690.79, whenever the institution encounters difficulty in collecting the overpayment.

E. Academic Competitiveness Grant Program:

The Academic Competitiveness Grant (ACG) was created under the Higher Education Reconciliation Act of 2005 for full-time students at degree-granting institutions who are recipients of Federal Pell Grants and are U.S. Citizens. The student must be enrolled in the first or second academic year of his or her program of study and completed a rigorous secondary school program of study. As with the Pell Grant Program, if an overpayment occurs, an institution will submit the debt to ED should the institution encounter difficulties in collecting the overpayment.

F. National Science and Mathematics Access to Retain Talent Grant Program (SMART):

The National Science and Mathematics Access to Retain Talent (SMART) Grant was created under the Higher Education Reconciliation Act of 2005 for full-time students enrolled in the third and fourth academic year of his or her program of study at a four-year degree-granting institution. Additionally the student must be majoring in physical, life, or computer science, engineering, mathematics, technology, or a critical foreign language. As with the Pell Grant Program, if an overpayment occurs, an institution will submit the debt to ED should the institution encounter difficulties in collecting the overpayment.

G. TEACH Grant:

Effective July 1, 2008, the College Cost Reduction and Access Act (CCRAA) of 2007, established the Teacher Education Assistance for Higher Education (TEACH) Grant Program to provide assistance to students who plan to become teachers and teachers who are obtaining graduate degrees. In exchange for the grant, candidates must agree to serve as a full-time teacher at certain schools and within certain fields for at least four academic years within eight years after completing the course of study for which the candidate received the grant. If the candidate fails or refuses to carry out his or her teaching obligation, the amounts of the TEACH Grants received are treated as an unsubsidized Direct Loan and must be repaid with interest.

If an overpayment occurs, the grant will continue to be treated as a grant and an institution will submit the debt to ED should the institution encounter difficulties in collection the overpayment.

H. Supplemental Educational Opportunity Grant Program (SEOG):

The Supplemental Educational Opportunity Grant (SEOG) program is authorized under section 413A et seq. of the HEA (20 U.S.C. section 1070b et seq.). The program was initially authorized and incorporated into the Higher Education Act by the Education Amendments of 1972 (Public Law 92-318). It superseded the Basic Educational Opportunity Grants Program that was

established in 1965 by the Higher Education Act. These grants are provided to undergraduate students with exceptional financial need, with priority given to Pell Grant recipients. As with the Pell Grant Program, whenever an institution encounters difficulty in collecting the overpayment, the institution will submit the debt to ED for collection.

2. FAIR DEBT COLLECTION PRACTICES ACT

The purpose of the Fair Debt Collection Practices Act (FDCPA) is to prohibit abusive, deceptive and unfair debt collection practices by debt collectors.

Any person who violates a provision of the FDCPA is found guilty of a misdemeanor and upon conviction is punishable by a fine of not less than \$100 nor more than \$1000 for each conviction.

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Because the FDCPA does not apply to ED, ED takes the position that it cannot be held liable for any FDCPA violations of its PCAs. In addition, there is a clause in each of ED's task order awards with a PCA that holds ED harmless for the acts of the collection agency.

3. FREEDOM OF INFORMATION ACT

The purpose of the Freedom of Information Act (FOIA) is to provide the general public the right to access government data and information. The general public may examine records and documents that the government stores and accumulates within the rules and guidelines set forth by the FOIA.

However, in the disclosure of such information there are nine exemptions. One of these exemptions is for records, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. ED may choose to exercise this exemption. In exercising this exemption, we may look to the motives of the requestor and balance his or her right to know against the privacy rights of the individual to whom the records pertain.

Collectors may not make a disclosure regarding a borrower to a third party or to the general public when requested under the FOIA. People making requests for information under the FOIA should be instructed to put their request in writing and send all requests to:

U.S. Department of Education

Office of Management
400 Maryland Ave., SW
Potomac Center
Washington, D.C. 20202-4700
Fax – 202-245-6651

For more specific information, individuals should be directed to ED's website at www.ed.gov and then instructed to click on "FOIA" at the bottom of the page.

In addition, any written FOIA requests received at the PCAs must be forwarded to the above address

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4. PRIVACY ACT OF 1974

Authority: 5 U.S.C. Sec.552a, 5 CFR Part 5b

The Privacy Act of 1974 prohibits ED's release of any information contained in ED's loan records except for routine uses of ED's records on that loan, without a signed written authorization from that debtor. Routine uses of student loan records include disclosure to a variety of parties that may have information about, or may assist in enforcing, the student loan obligation. Collection agency employees have access to this information on loans referred to the contractor by ED for collection, but are required to use this information under the same safeguards as ED.

The Privacy Act permits ED to furnish information from the borrower's loan records to the following entities in order to enforce the loan and permit servicing or collection of the loan:

- Federal, State, or local agencies.
- Private parties such as relatives, present and former employers, business and personal associates.
- Public entities such as guarantee agencies, educational and financial institutions, credit bureaus, collection agencies, and agency contractors.

Before releasing information from ED loan records to an attorney representing a borrower, the borrower must authorize the release of account information.

References:

- Privacy Act Guide (PCA Collection Website - Library)

5. GRAMM-LEACH-BLILEY ACT

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

In general, the categories of nonpublic personal information collected about student loan borrowers from their applications, educational institutions, and consumer reporting agencies, includes their address and other contact information, demographic background, loan and educational status, family income, social security number, employment information, collection and repayment history, and credit history.

We disclose nonpublic personal information to third parties only as necessary to service their loan and as permitted by the Privacy Act of 1974. We do not sell or otherwise make available any information about student loan borrowers to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information through physical safeguards, security systems and trained personnel.

6. CREDIT BUREAU REPORTING

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The Department transmits loan information electronically to national credit reporting agencies on a monthly basis. The credit reporting agency typically uses this information to update its records, and therefore includes the updated record in reports it issues. A loan that has been paid

in full or settled in full is reported by most credit bureaus as a “paid collection account.” A loan that is paid off by a Consolidation Loan will also be reported by most credit bureaus as a “paid collection account.” Collectors must not state or imply to borrowers that the default information reported by the original lender (e.g., the bank that made the FFEL) or by the guaranty agency or Department will be deleted or expunged before the applicable 7-year period has run.. Adverse information (default status) reported by a guarantor or the Department will be expunged earlier only if the loans has been rehabilitated. Adverse information reported by the original lender will not be expunged or excluded from credit reports before the 7-year period that runs from the lender’s report of that default, even if the loan is rehabilitated.

ED will not remove an account from credit bureau reporting unless Education reported the loan as in default in error, or the loan is rehabilitated. After a loan is rehabilitated, ED will notify the credit bureaus to expunge any adverse information ED had reported on that loan. (b)(7)(E)

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Borrowers who have a disagreement with the information that is shown on their credit report should file a dispute with the credit reporting agency that is showing the incorrect information. If necessary, the credit reporting agency will contact ED for updated information (currently being handled by Vangent – Customer Center).

PCAs and Credit Bureau Reports

Whether the PCA can obtain a credit report is governed by the Fair Credit Reporting Act, not HEA or ED regulations. (b)(7)(E)

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In addition, a Credit Bureau may contact a PCA that has made an “inquiry” regarding that query. Debtors will often request Credit Bureaus to remove the notation of a PCA inquiry from their credit record because they do not recognize the company name and/or do not believe that the PCA has the right to review their credit history. A PCA that is contacted by a Credit Bureau regarding the PCA’s inquiry should respond directly to the Credit Bureaus and provide to the Credit Bureau any information needed to obtain information from the Bureau, and, if necessary, to explain its role and to support the validity of its inquiry. .

References:

- HEA:section 430A (for FISLs, GSLs and other GSLP loans, and for Direct Loans) (20 U.S.C. §§ 1080a, 1087e) and section 463 (for NDSLs) (20 U.S.C. 1087cc)
- DMSC Manual: Collection Users Manual, Appendix E Credit Bureau Status Codes (Collection Website – Library)

7. COLLECTION COSTS

Section 484A(b)(1) of the HEA, 20 U.S.C.1091a(b)(1), provides in pertinent part, "Notwithstanding any provision of State law to the contrary...a borrower who has defaulted on a loan...will be required to pay...reasonable collection costs." This provision enacted in section 16033 of the Consolidated Omnibus Budget Reconciliation Act (COBRA), Pub. L. 99-272, Apr. 7, 1986, applies with respect to all loans, whenever made. Promissory notes for many student loans contain terms obligating the borrower to pay collection costs as well.¹ Collection contractors charge ED a contingent fee for any payments made by the borrower on a loan placed by ED with that contractor. To the extent allowed, ED passes that cost on to the borrower². Because ED applies borrower payments first to defray collection costs, the outstanding balance owed on the loans it holds consists almost exclusively of unpaid principal and accrued interest (b)(7)(C)

Some borrowers, after paying an amount equal to their initial outstanding principal and interest, mistakenly contend that their debts are satisfied. Although ED demand letters explain how payments are credited first to costs, these borrowers either misunderstand or dispute ED's authority to do so. As a practical matter, the amounts owed on loans referred to U.S. Attorney's Offices for collection consist almost entirely of unpaid principal and accrued interest; this dispute may present itself on these referred loans by way of an argument that ED had no authority to apply the payments to costs, and that the amount already paid by the borrower should have reduced or satisfied the debt referred for litigation.

Promissory notes for many student loans contain terms obligating the borrower to pay collection costs. Currently collection cost on an account assigned to a PCA is (b)(7)(E). The percentage taken out of each regular payment is (b)(7)(E). Example: a \$(b)(7)(E) will reflect a collection cost of (b)(7)(E). The ED System will show projected collection agency fees on the total balance of the account if the account is assigned to a PCA. Fees are actually only earned and charged to borrower if borrower makes payments on the account.

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¹ Some late fees may have been charged by the prior holders, and if so, are included in the balance if not already paid.

² ED has used this authority to pass collection costs on to borrowers only after 1986, and only those costs incurred after the change in law.

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8. STATUTE OF LIMITATIONS

Section 3 of the Higher Education Technical Amendments of 1991, P.L. 102-26 eliminates any statute of limitations that has applied to enforcement actions to collect student loans made or insured under Title IV of the HEA. The amendment provides that a lawsuit may be commenced, a judgment enforced, or a garnishment or offset action taken by the Federal government to collect defaulted loans regardless of any Federal or State statutes of limitation that might otherwise have applied to these collection actions. The law also applies to actions by institutions and guaranty agencies to collect defaulted student loans.

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A commonly encountered defense raised in the face of this authority is the claim that prior limitations periods had expired, rendering the loan judicially unenforceable under the law. Both the statutory terms governing the effective date of the 1991 amendments and the case law forcefully reject this claim. The effective date provisions of the law expressly provide that this authority applies to all "pending actions" to collect loans whenever those loans were made, including loans made before April 9, 1986, the date of enactment of the prior version of § 484A. Pub. L. 102-26, 3(c), as amended by Pub. L. 102-325, § 1551 (removing November 6, 1992 sunset provision).

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9. RESTORING TITLE IV ELIGIBILITY

A. Federal Student Loan Programs

A borrower that is in default on a loan held by ED is ineligible to qualify for additional Title IV student assistance due to the default status. For the borrower with loans to regain eligibility the borrower must enter into an agreed upon payment arrangement (b)(7)(E) and make six consecutive, full, voluntary payments on time. On time is defined as within (b)(7)(E) days of the established due date. **This benefit is available one time only per borrower.**

In order to maintain Title IV eligibility once restored, the borrower must continue to make the appropriate payments under the agreed upon payment arrangement. For more information about setting up payment arrangements please see Chapter 6.

The borrower will become eligible for additional Title IV financial aid after the sixth consecutive timely payment. The borrower should be warned that if he or she does not continue to make payments under “the repayment schedule in effect” (which may be modified from time to time as the borrower’s income and expenses may change), the borrower will lose their Title IV eligibility.

Requests for Title IV Reinstatement letters should be submitted to Vangent via an online IMF. For more information about this process, please see Chapter 5.

B. Grant Overpayments

Students with eligible program overpayments (POVRs) only may regain eligibility simply by entering into an acceptable repayment agreement. This means that the student is eligible to receive additional Title IV funds even BEFORE making their first payment. Eligible POVR debts are those debts where the funds were disbursed on or after July 1, 2000.

The one time only restriction is not applicable to grant overpayments.

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References: 20 U.S.C. Sec.1091(p)(3); 20 U.S.C. Sec.1078-6(b); 34 CFR
668.35(a), (c)

CHAPTER 2: GENERAL COLLECTION ACTIVITIES (WORKING BORROWER ACCOUNTS)

When agencies receive and begin working borrower accounts, there is some basic information that pertains to all accounts, as well as, specific information germane to certain types of accounts. The following information provides general account guidance.

1. DOCUMENTATION OF COLLECTION ACTIVITY

The PCA will immediately record, on its own computer system, all collection activity occurring on an account.

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Industry standard abbreviations can be used.

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Aside from their own systems, the PCAs must also document the DMCS as required. PCAs must update the DMCS with borrower's name, address, home and work telephone number changes and information regarding the borrower's employment, i.e., employer's name, address and telephone number. In addition, PCAs are required to document the DMCS with specific program notations as required by different work activities.

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A. DMCS Updates

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(borrower demographics)

- Borrower Name
 - Typically, PCAs will request name changes through an IMF; however, PCAs may change FEMALE borrower names, if only the last name is changing (i.e. marriage, divorce, etc.)
 - Must document (b)(7)(E) referencing the name change due to marriage, new TOP posting, etc.
- Borrower Address
 - Should be the same on the PCA System and the DMCS (b)(7)(E)

• Ensure ED system letters and PCA letters are being sent to the

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○ Employer work numbers

- Must be transferred as part of the employer location information listed in the reference section (b)(7)(E)

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○ Employer Address

- Employer address references (b)(7)(E) refer to the current employment location information for the borrower (physical location where the borrower works)

- Includes company name, address and phone number

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○ Employer address and AWG

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(Letter History)

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letter history is stored for the account. The history includes all ED and PCA computer generated letters sent on the account. The history shows the date a letter is sent, the letter code for the letter sent, and a portion of the address to which the letter was sent.

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References:

- SOW 2.6, 3.2 A
- DMCS User Manuals (Available from the COR)

2.

CELL PHONE USAGE

Use of cell phones (personal or business) by regular collection staff is prohibited. A limited number of higher-level managers (not to exceed three) are allowed to use cell phones to contact borrowers or third parties under special or unusual circumstances. ED expects the use of cell phones within the ED collections contract to be rare occurrences. A list of authorized managers must be forwarded prior to any cell phone use to the COR and Assistant COR for approval. All calls must be properly documented in the PCA's system. Documentation must contain normal collection call data including:

- Cell phone number
- Date and Time of Call
- Manager who made call
- Complete Call Summary

PCAs must be able to distinguish and track all cell phone calls for review and/or reporting purposes.

The PCA must ensure cell phones are used according to all applicable federal, state & local laws regarding debt collection communications

Reference: SOW 3.2 A

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5.**FEDERAL EMPLOYEES**

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If the account is not currently in repayment, ED retains the right to recall the account from the PCA.

The PCA is required to service FED accounts as they would regular accounts.

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If a PCA chooses to return a FED account (after any required time frames have elapsed) because of an inability to collect on it, the account should be returned as "INA."

6.**CO-MAKER ACCOUNTS**

A co-maker is a person who co-signs for another person's student loan. ED will have initiated collection efforts in pursuit of both the borrower and co-maker prior to transfer of accounts to the PCA.

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If the PCA has information concerning an administrative resolution to a co-maker account, documentation should be submitted to the Atlanta Regional Office via an Internal Mail Form (IMF).

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CHAPTER 3: CORRESPONDENCE & BORROWER COMPLAINTS

Due to the high volume of accounts, various account resolutions and payment programs and the emotional nature of collections, ED collection accounts produce a lot of different kinds of correspondence, as well as, borrower complaints against PCAs. Both correspondence and borrower complaints must be handled timely and appropriately to ensure that proper account resolution occurs with the best possible customer service.

1. CORRESPONDENCE

Correspondence must be retained in the administrative office. Correspondence includes any *documentation related to a borrower's account*. Documents may include, but are not limited to, complaints, checks, death certificates, faxes, emails, etc.

PCAs must have the ability to image, electronically store and produce viable copies of all incoming correspondence and, if requested by ED, send secure imaged documents electronically. If maintained in hardcopy form, documents must be secured under lock and key.

A. Handling Correspondence

Upon receipt of any correspondence, the PCA will immediately date-stamp all correspondence. In most instances, date-stamps should appear on the actual document. In cases where it is deemed not appropriate to date-stamp the actual document (i.e. misdirected payment), date stamping a cover letter or copy of the actual document is acceptable.

The PCA will process and/or forward a response within (b)(7)(E) calendar days of receipt. In addition, the PCA must document on their system all applicable information related to the correspondence, including any actions taken.

➤ Accounts not Currently Assigned to a PCA

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○ Request for (b)(7)(E) reinstatement of TIV aid

○ (b)(7)(E)

(b)(7)(E)



*Written inquiries from the U.S Congressional Office (senators and representatives) or the White House must be sent by overnight service within 24 hours of receipt to:

(b)(7)(E)



Submissions should be sent "separately" with a cover letter/sheet indicating possible Congressional documentation.

For correspondence sent to Vantage, PCAs should monitor DMCS for notation. Responder may

(b)(7)(E)



B. Other Sensitive Inquiries

(b)(7)(E)

C. Maintaining Documents

Unless otherwise stated in the Task Order, under the FSA Scheduling Contract or specifically instructed by ED, agencies must retain account information for the life of the contract.

D. Correspondence Report

On a monthly basis, the PCA must provide an electronic correspondence report listing all correspondence received for the previous month to the COR, Assistant COR and ED Monitor by the 15th of the following month. See Chapter 17 for more information.

E. Atlanta Regional Office Mailbox

The Atlanta Regional Office has created an email mailbox to receive certain types of correspondence or requests. The mailbox email address is (b)(7)(E)

PCA correspondence directed to this mailbox includes:

- Requests for ED to fax W32 letters (stop AWG letters to employers)
- Congressional phone inquiries received at the PCA
 - Information to be sent in includes:
 - Borrower name
 - Debt ID
 - Name and Title of caller
 - Caller's phone number
 - Congressional Office involved
 - Name and phone number of PCA employee receiving the call
 - Date and time of the call

- Brief call summary

Reference: SOW 2.8, 5.2(d)

2. COMPLAINTS AGAINST THE PCA

The PCA will ensure that all attempts to collect on accounts are fair and reasonable, and do not involve harassment, intimidation, or false or misleading representation. Unnecessary communication concerning the existence of any such debt information will not be given to persons other than the borrower or the borrower's attorney. Requests for information from third parties must be supported by borrower authorization.

A. Receiving Complaints

When ED receives a complaint from a borrower:

- ED will forward a copy of the complaint to the PCA

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- (b)(7)(E)

When the PCA receives a complaint from a borrower, (verbal or written):

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B. Final Complaint Submissions

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PCAs may add additional pages to the PCA Complaint Form or may use a separate summary response to fully capture all the details of the complaint.

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C. Complaint Protocol

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Note: ED reserves the right to request from the PCA a copy of any applicable recorded conversations on a borrower account if available.

D. Complaint Tracking System

ED maintains a complaint tracking system of all verbal and written complaints. Complaints are tracked by the following:

- Borrower Account
- Agency Name
- Receipt date and resolution date
- Individual Collector Name
- Nature of Complaint

Complaints are analyzed for recurring complaint issues, multiple complaints against individual personnel and repeated violations of Customer Service issues or the FDCPA.

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If ED receives one or more complaints against a specific collector of a type or violation that is of a concern to ED, ED may remove the collector from working the ED Task Order.

Reference: SOW 2.4

3. APPENDIX

A. PCA Complaint Form

PCA COMPLAINT FORM

AGY#: _____ Date complaint received: _____

Complaint written or verbal: _____ Date of response: _____

Respondent's name/phone #/email address: _____

Borrower's Name: _____ SSN/Debt ID: _____

Borrower's phone number (if not YET updated on L103): _____

PCA employee(s) named OR responsible for complaint: _____
_____**TYPE OF COMPLAINT:**

(b)(7)(E)

LIST BORROWER'S COMPLAINT ISSUES

✓ _____

✓ _____

✓ _____

PCA RESPONSE _____

✓ _____

✓ _____

PCA RESOLUTION/ PREVENTIVE MEASURES

✓ _____

✓ _____

✓ _____

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Revised April 2009

Chapter 4: PCA LETTERS (AND FORMS)

This chapter will discuss the PCA letter approval process (sending letters out under the PCA letterhead for Education accounts) and proper letter usage.

In addition, starting with Section 2, this Chapter provides standard letters or partial text for inclusion in some PCA letters. Currently, ED provides text for letters related to rehabilitation, consolidation, repayment agreements, certain Administrative Wage Garnishment letters, financial statements, misdirected payments, compromises, and agreements for recurring credit card payments.

References:

- SOW 2.5 - Collection Letters and Forms
- Coupon Specifications
- Letter Code Table
- EFT Mailed Letters File and Returned Letters File

1. LETTER APPROVAL AND USAGE

Key points regarding PCA letter approval and usage include:

- PCAs must obtain ED's approval of all collection letters (and forms) used by the PCA, and/or generated from the PCA's own computer system, prior to usage.
- Any letter requesting repayment must be generated with a coupon, and the PCA's coupon must have passed ED coupon testing prior to use.
- ED will issue standard language for select contractor letters (located at end of Chapter).
- PCA attorneys must approve all contractor letters/forms (and any changes) prior to submission to ED and proof of acceptance by the Contractor legal counsel must be provided to ED along with the letter submission.
- Each PCA will be issued a set of letter codes, which will be used on the DMCS to identify letters sent by the PCA.
 - PCAs will transmit to the ED computer contractor weekly files of letters sent and any return mail so that the ED letter history is updated.

A. Contract Start-Up

The PCA must submit their letters to ED for approval as soon as possible after contract award (b)(7)(E) from Task Order award. Each PCA will be assigned designated ED staff who will review their letters.

PCA letter packages should include the text of the letters to be used, and any disclaimers that are to be printed on the letters.

Contractor letters must be submitted in the following format:

- In Word and be editable (no PDF or password protected letters)
- Font Size no smaller than 12
- Via email to the designated ED letter contact(s)
- PCA should identify each letter with an ED letter code
- Each submission of letters to ED for review must be accompanied by proof of acceptance by the Contractor's attorney.
 - Acceptance may be a letter, email or memo.

ED staff will review the PCA's letter(s) and forward to ED's Office of General Counsel for final review and approval. ED will notify the PCA by email when the letters are approved, or if any revisions are necessary.

(b)(7)(E) the PCA will provide to ED an electronic copy of their letter index and an electronic copy of the production version of all approved letters. (The format for the letter index is provided in the references below.) The copies should be provided to the ED letter contact, the COR, and the Assistant COR.

B. Revisions to Approved Letters, and New letters

It is expected that new letters and changes to existing letters will be necessary over time. If revising an existing letter, the PCA must provide to their ED letter contact an electronic copy of the approved letter, and an editable Word version of the proposed letter. The language being changed should be highlighted in the proposed letter. Any new letter(s) proposed by the Contractor should also be submitted to the ED letter contact in an editable version of Word.

ED may also require that the PCA to modify previously approved letter(s). The Contractor must have all changes/corrections made and submitted to the ED letter contact for review and approval (b)(7)(E)

(b)(7)(E)

In both cases, the PCA must submit proof of acceptance by the Contractor's attorney. When approved, the contractor shall update their letter index and provide ED electronic copies of the index and production letter(s) (b)(7)(E) The copies should be provided to the ED letter contact, the COR, the Assistant COR and the designated Monitor.

C. Letter Vendor Changes

If a PCA changes letter vendors after initial coupon testing, the contractor must contact the Assistant COR to arrange retesting of coupon letters.

2. REHABILITATION LETTERS

The standard rehabilitation agreement letter must include the following language:

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(b)(7)(E)

3. CONSOLIDATION LETTERS

A. Consolidation Responsibilities Letter

The following language must be included in the Consolidation Responsibilities letter:

We have recently discussed the possibility of consolidating your loans. Consolidation is a good program for many borrowers and offers a number of benefits. However, it is not the best choice for everyone. Before you use this option, please understand the following, especially if you believe that you are disabled or are contemplating filing bankruptcy.

Borrowers who cannot work and earn money as a result of an injury or illness that is expected to continue indefinitely may qualify for a discharge of their student debt if certified by a doctor of medicine or osteopathy. If you think you may qualify for a disability discharge, you should apply for a disability cancellation now, and you should not pursue taking out a consolidation loan until the Department of Education rules on your application.

Borrowers may also be able to have their loans discharged in bankruptcy. However, the consolidation loan is a new loan; depending on the age of your current outstanding debt(s), bankruptcy law may make it more difficult to obtain a discharge of the consolidation loan than of your current debts.

It is important to understand that by signing the promissory note for a consolidation loan, you are affirming that you owe and intend to repay the consolidation loan, regardless of any objections you have to repaying the student debts you now owe that may be paid off by the consolidation loan. With limited exceptions for borrowers who attended closed schools, or whose eligibility was falsely represented by the school, your obligation to repay the consolidation loan will not be affected by any objections you have to repaying the loans you intend to consolidate.

You should also understand that your new loan will have a larger principal balance than the combined principal balance of the loans paid off by that consolidation loan. All principal and interest of the loans being paid off, as well as collection fees totaling 11.1% of the current

outstanding principal and interest, will become the principal balance of your new consolidation loan. As a result, interest will accrue on a higher principal balance.

The interest rate on your direct consolidation loan will be the lesser of:

- ◆ The weighted average of the interest rates on the loans being consolidated (as of the date we receive your application), rounded to the nearest higher one-eighth of one percent.

Or

- ◆ 8.25%

The interest rate on a direct consolidation loan is a fixed rate. This means that the rate will remain the same throughout the life of the loan.

B. Waiver of Consolidation

The following language must be included in the Waiver of Consolidation:

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4. REPAYMENT AGREEMENT LETTERS

A. Regular (non-AWG) Repayment Agreement Letters

Standard repayment agreement letters must indicate that the repayment agreement is temporary and subject to periodic re-evaluation. The following is language to be inserted into PCA repayment agreement letters:

- “This letter confirms the repayment agreement on your defaulted account with the U.S. Department of Education. Your initial payment of <down payment> is due immediately, followed by regular monthly payments of <monthly payment amount>. This agreement applies for the next 6 months. After 6 months you may be required to provide current financial information. Based upon this information your monthly payment amount may change.”

B. Regular (non-AWG) Repayment Agreement Letters with Credit Card Authorization

For those repayment agreements where the borrower has given authorization to use a credit/debit card for multiple payments, PCAs may insert the following suggested language into the repayment agreement letter or rehabilitation agreement letter (unless sending monthly reminder letters):

- “By signing and returning this letter to AGENCY NAME, you are confirming your authorization allowing AGENCY NAME to process monthly payments towards your student loan debt held by the U.S. Department of Education through the use of a credit/debit card.

The monthly payment amount is \$\$\$\$\$. This amount will be processed on your card starting on DATE, and will continue to be processed on the DATE of each month or on the next business day.”

5. ADMINISTRATIVE WAGE GARNISHMENT LETTERS

A. Pre-Garnishment Cover Letter for Settlement Agreement

This notice regarding your account with the U.S. Department of Education is from (PCA). The Department has placed your account with us for collection.

You notified us that you wish to avoid garnishment (b)(7)(E) disposable pay by making a voluntary arrangement to settle your defaulted student loan or grant obligation described in the notice of garnishment recently sent to you.

The unpaid portion of the balance is noted above. The principal portion of this balance will continue to accrue interest. The Department will apply a portion of each payment to defray costs incurred to collect this obligation.

Enclosed is a proposed Settlement Agreement that the Department has asked us to send to you. The Department will not direct your employer to initiate garnishment unless you fail to honor the terms of your settlement agreement. In addition, the Department will credit any payment received before the deadline stated below toward satisfaction of the compromise amount. The following two (2) steps must be completed by [Insert date] in order to settle your debt(s) or obligation(s).

1. You sign and return the enclosed **Settlement Agreement** back to the Department at:

< PCA Address >

2. The Department receives payments equaling the full amount stated in the enclosed **Settlement Agreement**.

Send Payments to the following address:

U.S. Department of Education
National Payment Center
P.O. Box 105028
Atlanta, GA 30348-5028

If both of these actions are not taken by your settlement deadline of [insert date], the Department of Education will issue a garnishment order requiring the withholding of your wages until the amount due has been paid in full. The Department will continue with any provision of any hearing you may have requested, unless you have already received a decision or have agreed to withdraw that hearing request.

Our business hours are: Monday- Thursday 8 am-9 p, Friday 8 am -12 pm (CST), and Saturday 8 am – 12 pm (CST). Our phone is 1 – 800- XXX –XXXX.

(b)(7)(E)

start garnishing my wages unless I fail to honor this agreement. No other student aid debts are covered
(b)(7)(E)

Signature: _____ Date: _____
[Sign and return this agreement to: < PCA Address > Keep a copy for your records.]

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(b)(7)(E)

(b)(7)(E)

E. AWG Rehab Agreement Letter

Repayment Agreement under the Loan Rehabilitation Program

I have been given an opportunity for a hearing to object to garnishment. I now withdraw any request for a hearing that I have filed.

This letter confirms my acceptance into the loan rehabilitation program and my agreement to repayment of my defaulted federal family education loan (FFEL) program student loans held by the U.S. Department of education (department). I understand that compliance with this agreement is a prerequisite to the sale of my loan(s) to the authorized, department-approved lender and rehabilitation of my loan(s).

Please check the appropriate paragraph:

() I understand that I must make at least nine (9) monthly payments in the amount of <month-pay>, beginning <due-date>, with each payment due on the same day each month thereafter. I must make the full payments in the agreed amount within twenty (20) days of their monthly due dates over a ten month period. If I fail to make the required number of on-time payments over a ten (10) month period, I will need to begin a new series of agreed-upon payments in order to qualify for rehabilitation of my loans.

() I am currently making monthly payments. I understand that these payments, if made on the same schedule noted above and at least in the amount stated above may be included in the calculation of the required minimum number of monthly payments. I will continue to meet my established monthly payment schedule

I also understand and agree to the following terms and conditions:

I agree that if I do not honor this agreement, the department can start garnishing my pay at the rate of 15% of my disposable pay or the installment payment amount then in effect, whichever is less, without giving me further notice or any new opportunity for a hearing before that garnishment starts. I understand that if the department starts garnishing my wages in the future, I can then object to garnishment, and the department will give me a hearing on my objection(s).

I agree that –

- The department will give me a hearing on objections I make in the future, but it will not delay or suspend garnishment while it hears and makes a decision on my objections;
- I can object in the future that garnishment would cause financial hardship to me and my dependents;
- I owe the amount stated in the notice of proposed garnishment I have just been sent, and I waive any future objection that I do not owe that amount;
- I can object to garnishment for reasons that arise after the date of this agreement;
- I can also object to garnishment, if I believe that I am entitled to have this debt discharged or that I am protected by law from administrative wage garnishment;
- I understand the agreement is void if I do not honor the terms of this agreement by making a minimum of nine (9) full monthly payments within twenty days of the monthly due date over a ten (10) month period. Should this occur, I will need to begin a new series of agreed-upon payments in order to qualify for rehabilitation of my loans;
- I cannot change the monthly payment amount without the department's agreement or the agreement of the collection agency servicing my account;

- I must continue to make monthly payments to the department beyond the required minimum period until I am notified in writing by the department or my new lender that the sale has been completed and that I am to begin making payments directly to my lender;
- Any interest that I owe at the time my loan (s) is sold will be capitalized by the lender, that is, the lender will add any unpaid interest to the principal I owe on the loan (s) and this will become the new principal balance on the loan(s). Interest will then accrue on this new higher principal. The department agrees to waive collection of any cost the department incurs as a result of the sale of my loan (s) under this rehabilitation agreement, unless I default on the loan(s) in the future and the department takes assignment of the loan(s). The department will collect as part of the debt then owed, the collection cost originally waived under this agreement. This will substantially increase the amount that will then be owed to satisfy the debt to the department;
- After the sale of my loan (s), any payments made to the department will be forwarded to my lender for credit to my account. Any involuntary payment (treasury offset) or post-dated check will be refunded to me at the address on my billing statement;
- My new lender will establish a new due date and will calculate a new monthly payment amount based upon the balance owed at the time of sale. The amount of the required monthly installment payment may substantially increase;

I have read the above and agree to the terms and conditions of the loan rehabilitation program and this repayment agreement.

Signature: _____ date: _____
[Sign and return this agreement to the address indicated below. Keep a copy for your records.]

Return signed agreement to: U. S. Department of Education
C/o: private collection agency address

Our business hours are: Monday-Thursday 8 am - 9 pm, Friday 8am-5pm and Saturday 8 am-12 pm (CST). Our phone number is 1 888 xxx-xxxx.

This communication is from a debt collector attempting to collect a debt and any information obtained will be used for that purpose.

Rehabilitation Checklist

Return your agreement notice immediately! Do not delay the process of your rehabilitation

1. Ensure your name is correct.
2. Ensure monthly payment amount and date repayment started is correct.
3. Ensure you sign and date agreement notice.
4. Ensure you sign exactly as your name appears at the top of page one of the agreement notice.
5. Do not mark up or make any changes to the agreement notice. This will invalidate the agreement notice and we will have to issue you another one.

6. If you have any questions regarding this agreement, call your account representative immediately at 1.888.XXX.XXXX.
7. Return your agreement notice immediately. Do not delay the process of your rehabilitation.

Two references are necessary to complete your application package. If you have not already given us two references over the phone, please complete them below using the following rules:

Both must have complete names (no initials, titles or nicknames)
Both must have different addresses from you & each other
Both must have different phone numbers from you & each other

Save time!! Fax your rehabilitation loan application today to: xxx-xxx-xxxx

This communication is from a debt collector attempting to collect a debt, and any information obtained will be used for that purpose.

F. AWG Rehab Agreement Letter (Perkins)

Repayment Agreement under the Perkins Loan Rehabilitation Program

Note: read this entire agreement before signing. Retain a copy for your records. Return a signed copy to the address shown at the end of this agreement.

I have been given an opportunity for a hearing to object to garnishment. I now withdraw any request for a hearing that I have filed.

I agree with the U. S. Department of education (department) that I will repay under the terms of this agreement my defaulted Perkins loans held by the department. I understand that compliance with this agreement is a prerequisite to rehabilitation of my loan (s).

() I understand that I must make 12 consecutive payments in the amount of \$«paymentamount», beginning «duedate», with each payment due on the same day each month thereafter until a minimum of twelve consecutive monthly payments have been made.

() I am currently making consecutive monthly payments. I understand that these payments, if consecutive and if made in amounts at least equal to the agreed-amount, will be included in the calculation of the required twelve consecutive monthly payments required for rehabilitation of the loan(s). I will continue to meet my established monthly payment due date.

I understand that I must complete a new series of twelve (12) payments in order to qualify for rehabilitation –

- If I fail to make the required number of payments over a twelve (12) month period,

- If I make any payment later than fifteen (15) days after its due date, or
- If a check is returned for insufficient funds.

I also understand and agree to the following terms and conditions.

- I cannot change the monthly payment amount without the department's agreement or the agreement of the collection agency servicing my account.
- The department agrees to waive collection of any cost the department incurs as a result of the rehabilitation of my loan(s) under this agreement, unless I default on the loan(s) in the future. The department will collect as part of the debt then owed, the collection cost originally waived under this agreement. This will substantially increase the amount that will then be owed and needed to satisfy the debt to the department.

If I do not honor this agreement, the department can start garnishing my pay at the rate of 15% of my disposable pay or the installment payment amount then in effect, whichever is less, without giving me further notice or any new opportunity for a hearing before that garnishment starts. I understand that if the department starts garnishing my wages in the future, I can then object to garnishment, and the department will give me a hearing on my objection(s).

I agree that –

- The department will give me a hearing on objections I make in the future, but it will not delay or suspend garnishment while it hears and makes a decision on my objections;
- I can object in the future that garnishment would cause financial hardship to me and my dependents;
- I owe the amount stated in the notice of proposed garnishment I have just been sent, and I waive any future objection that I do not owe that amount;
- I can object to garnishment for reasons that arise after the date of this agreement, and
- I can also object to garnishment if I believe that I am entitled to have this debt discharged or that, I am protected by law from administrative wage garnishment.

I have read the above and agree to the terms and conditions of the Perkins loan rehabilitation program and this repayment agreement.

Signature: _____ **Date:** _____
[Sign and return this agreement to the address indicated below. Keep a copy for your records.]

Return signed agreement to: U.S. Department of Education
C/o: PCA address

Our business hours are: Monday-Thursday 8 am - 9 pm, Friday 8am-5pm and Saturday 8 am-12 pm (CST). Our phone number is 1 888 xxx-xxxx.

This communication is from a debt collector attempting to collect a debt and any information obtained will be used for that purpose.

I understand that I cannot change the monthly payment amount without (agency name) approval

Signature: _____ Date: _____

6. MISDIRECTED PAYMENT LETTERS

A. Misdirected Payment Letter for Employer

The misdirected payment letter to the employer should provide some basic payment information to assist the employer when sending in future payments: identify the borrower/employee in question, all checks must be made payable to the U.S. Department of Education, proper address to send AWG payments (NPC, P.O. Box 105081, Atlanta, GA 30348-5081)

B. Misdirected Payment Letter for Borrower

The misdirected payment letter to the borrower should provide some basic payment information to assist the borrower when sending in future payments: all checks must be made payable to the U.S. Department of Education, proper address to send payments (NPC, P.O. P.O. Box 105028, Atlanta, GA 30348-5028)

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(b)(7)(E)

7. RECURRING CREDIT/DEBIT CARD PAYMENT LETTER

When borrowers provide verbal authorization to use their credit/debit card for multiple payments (and language not inserted in the repayment letter), the following is language to be inserted into the PCA credit/debit card payment reminder letters:

- “This is to notify you that pursuant to your authorization on DATE, AGENCY NAME will process your credit/debit card payment in the amount of \$\$\$\$.\$\$ on DATE. If you have any questions/concerns, please contact AGENCY NAME at 888-888-8888 toll free.”

8. STATEMENT OF FINANCIAL STATUS

Though ED is not formally requiring a specific format for capturing financial data to determine regular (non-AWG) reasonable and affordable payment plans, an example of a standard statement of financial status can be found at <http://www.ed.gov/offices/osfap/dcs/forms.html>. Agencies need to capture enough financial information to make an accurate assessment of the borrower's current financial statement.

CHAPTER 5:

Internal Mail Forms (IMF)

Internal Mail Forms (b)(7)(E) are informational tools designed to assist PCAs with borrower account maintenance. From asking questions, correcting account data and requesting borrower letters, IMFs are mechanisms to ensure that timely and proper customer service takes place with each borrower account.

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B. AWG IMFs

AWG IMFs are also handled by the Atlanta Regional. AWG IMFs address account issues related to updating AWG accounts, employer concerns, and AWG notifications. Items PCAs would use AWG IMFs for include the following:

- Correcting or updating new or pseudo FEINs*
- Requesting a merge of existing FEINs
- Re-issuing withholding orders
- Updating employer information on the L142 screen

(b)(7)(E)

For a thorough breakdown and detailed discussion regarding AWG procedures, please see the AWG Compliance Branch PCA Training Manual (PCA Collection Website – Library)

A copy of the AWG IMF form can be found in Section 3, Appendix B of this Chapter.

2. ON-LINE IMFs

The on-line IMF website is the vehicle through which PCAs can request that certain account maintenance actions and updates be performed by the Department's CSB contractor (Vangent).

(b)(7)(E)

IMF Requests - Add New Request

Reason: 1 - First in First Letter

Debt ID:

Borrower Last Name:

Borrower First Name:

Agency:

Employee Name:

Submit Request Cancel

C. Initiating a request (adding an IMF)

- Populate each of the fields on the “Add New Request” form:
- Reason – see section D of this document for more detailed information on IMF types and requirements
- Debt ID – enter any debt ID from the account for which you are requesting action
- Borrower name – self-explanatory
- Agency – enter your three-digit AG number
- Employee name – enter your name as the IMF requestor
- Click “submit request” or “cancel” as appropriate

D. IMF Types (reasons)

- (b)(7)(E)

(b)(7)(E)

➤ (b)(7)(E)

➤ Title IV reinstatement letter

• (b)(7)(E)

- This letter is sent to the borrower's school, not to the borrower, so the

(b)(7)(E)

- Prior to submitting this request the PCA should check the (b)(7)(E) (b)(7)(E) for previous issuance of the U26 letter code. If the U26 (reinstatement letter) was previously sent and the borrower then fell out of compliance with his payment plan, the borrower may no longer earn reinstatement except by resolving the defaulted loan (through rehab, consolidation, PIF, SIF or discharge). Once a U26 has been sent, the borrower must make a timely monthly payment every month thereafter to maintain his eligibility. If a borrower's eligibility is questionable, refer the issue to your Rg4 monitor

➤ Closed school discharge application.

- This application should be requested if:
 - The school closed while the borrower was attending, or
 - The school closed within 90 days of the borrower's withdrawal and the borrower did not complete his program of study
 - (b)(7)(E) after initiating this request to ensure that the borrower is eligible to receive an application. The CSB contractor may decline to send an application on the basis that the school is still open, etc., in which

case the PCA should advise the borrower of his ineligibility and resume collection

- Ability to benefit discharge application.
 - This application should be requested if:
 - The borrower did not have a high school diploma or GED at the time he attended the school for which the loan was borrowed and a diploma or GED was required for that program of study and the school did not test the student for his ability to benefit from the course of study, or
 - The borrower did not meet his state's legal requirements for employment in the occupation for which the program of study was intended because of age, a physical or mental condition, a criminal record or other reason
 - This application may be sent directly by the PCA to the borrower

(b)(7)(E)

➤ (b)(7)(E)

- See section F of this Chapter for more information

➤ Request new Pnote for NDSL with a judgment

- See NDSL-Perkins rehabilitation procedures for more detail on this type

➤ (b)(7)(E)

E. School-Based Discharges

If a borrower claims that certain actions or regulatory violations by the school occurred, the PCA will advise the borrower of the criteria and method for applying for a loan discharge. The criteria for each circumstance are:

➤ **School Closure**

(b)(7)(E)

➤ **Ability to Benefit**

(b)(7)(E)

➤ **Disqualifying Status Criteria**

(b)(7)(E)

➤ **Unauthorized Signature Criteria (Signature not borrower's on PNote or check.)**

(b)(7)(E)

➤ **Unpaid Tuition Refund**

(b)(7)(E)

There are specific Loan Discharge Applications for each circumstance, which must be certified under penalty of perjury by the borrower and submitted with supporting documentation to:

Loan Discharge Unit

Federal Student Aid Room

(b)(7)(E)

(b)(7)(E)

The PCA may request the appropriate application be sent to the borrower by using the IMF on-line request. When the Loan Discharge Unit receives the application and it meets preliminary edits, the account will be recalled from the collection agency and moved to a discharge review location code. This process may take up to 90 days.

Reference: PCA Collection Website - Library

F. Locate Missing Promissory Note Requests

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(b)(7)(E)

➤ Populate the fields as follows:

- Agency: your agency's three-digit "AG" number
- Borrower Last and First name
- Reason for Pnote request: Select "borrower request" only if the borrower has demanded a copy of the note; if this reason is selected and no note is found, the account will likely be recalled from the PCA and returned to the agency or school that assigned it.
- Complete debt ID: enter one complete debt ID from the account for which a Pnote is needed—this will be used to access the account
- Additional partial debt IDs: enter just the first letter and last four digits of any other debts in the account for which you need a promissory note. Click "Add

(b)(7)(E)

Note:

(b)(7)(E)

- Complete the Pre-Request Checklist by indicating whether you performed required steps or those steps are not applicable (N/A) for the type of loan. Further details about these required steps are found in Chapter 11.

(b)(7)(E)

(b)(7)(E)

- Enter any additional comments or instructions (this will be required if you encountered certain problems when trying to locate the notes yourself).
- Enter your name in the “Employee Name” field
- Click “submit request” or “cancel” as appropriate

G. Viewing erroneous IMFs

- From the “Add new IMF” page, click “IMF Errors” or “Missing Pnote Errors” as appropriate

(b)(7)(E)

- A report showing the errors will display.

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(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

3. **APPENDIX (Forms)**

A. **General Account IMF**

INTERNAL MAIL FORM (IMF)**SECTION I****FROM:** AG ____ **REQUESTOR'S NAME & TEL#:** _____ - _____**BORROWER'S NAME:** _____ **SSN** _____**DATE:** _____

(circle one)

TO: ATLANTA SERVICE CENTER
ATTN: Contract Services Branch**TO:** PIC
ATTN: Correspondence Unit**SECTION II**

(b)(7)(E)

OTHER:**EXPLANATION:****ED RESPONSE:**

SIGNATURE OF LOAN ANALYST
DO NOT ALTER THIS FORM

DATE
Revised June 2009

B. AWG IMF

**Administrative Wage Garnishment
Internal Mail Form (IMF) Employer Update**

Date: _____

Agency Name: _____ Agency Code: _____

Requested By: _____ Contact Ph#: _____ Ext # _____

Borrower Name: _____ SSN: _____

**Federal Employer Identification Numbers (FEIN) Update Request
(Supporting Evidence Must Be Attached For All Update Request)**

CORRECT FEIN / P-FEIN: _____

Corporate / Company's Name: _____

Attn (Dept & Contact's Name): _____

ADDRESS: _____

CITY/STATE/ZIP: _____

TELEPHONE #: _____ EMP FAX #: _____

**Federal Employer Identification Numbers (FEIN) Merge Request
Attach L145 and L142 screens with supporting documentation**

CORRECT FEIN / P-FEIN: _____

Issue / Re- issue Withholding Order(s)

**L102 Screen Must Be Clearly Documented With Reason The Order Must Be Re-issued
Check one:**

Fax Telephone Number: _____

Employer	Requested	Borrower	Name /	SSN	Changed
Employer	Name/FEIN	Information			Changed
<u>Borrower</u>	<u>Intercepting</u>				<u>Order</u>
Original Order Never Received By Employer					_____
Miscellaneous Reason See L102 Screen					_____

Resend/Fax: (b)(7)(E) _____
Resend/Fax: (b)(7)(E) _____
Send/Fax: (b)(7)(E) _____
Comments: _____

Revised June 2009

CHAPTER 6: ACCOUNT REPAYMENT

Obtaining payments and assisting the borrower towards account resolution is one of the main goals associated with the Education Collections Contract. Through repayment, borrowers are able to enter payment programs, improve credit, obtain additional financial aid and ultimately satisfy debts.

1.

(b)(7)(E)

When attempting to obtain payments from borrowers, (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

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establish a repayment schedule.

(b)(7)(E)

(b)(7)(E)

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CHAPTER 8: TREASURY OFFSET PROGRAM (TOP)

1. OVERVIEW

Under the Treasury Offset Program (TOP), the Financial Management Service (FMS), Department of the Treasury (Treasury) offsets Federal and/or State payments owed to a borrower. While the most common type of Federal payment offset is Federal income tax refunds, several other types, including vendor and monthly social security benefit payments, are also eligible for full or partial offset.

In addition to defaulted debts held by ED, defaulted loans held by guaranty agencies (GAs) are also included in the process. ED acts as a “middle man” between the GAs and Treasury.

Other Federal and State agencies also certify debts for offset, but ED has historically been responsible for the largest volume of offsets. As a result, many tax professionals, and even the IRS, will automatically assume that an offset has been requested by ED when, in fact, it may have gone to some other Federal or State debt or to a student loan held by a GA.

TOP payments reduce the principal and interest owed on the account (and therefore the amount of collection costs the borrower owes), but PCAs do not receive a commission for TOP payments.

A. State Payments

State payments (e.g., State tax refunds and vendor payments), in addition to Federal payments, may be offset in the TOP. (b)(7)(E)

(b)(7)(E)

Normally, a TOP 65-day notice is sent to eligible borrowers who are not currently certified in TOP and to currently certified borrowers who have a newly eligible debt. (b)(7)(E)

(b)(7)(E)

In most respects, offsets of State payments will be just like offsets of Federal payments:

- State paying agencies will be just another paying agency into TOP (b)(7)(E)
- Borrowers will be notified of the offset (and the paying agency) via an FMS, Treasury Offset Notice;
- As always, we will not be able to identify the offset source on any of the DMCS screens (b)(7)(E)
- There will be a single Treasury offset fee for all offsets, whether from a State or Federal paying agency.

(b)(7)(E)

B. Pre-Offset Process

At least 65 days prior to certifying an account for offset, ED must send the borrower a TOP 65-day notice, which consists of a debt statement (b)(7)(E) and two inserts (Notice of Proposed Treasury Offset and a Request for Review form). This notice informs the borrower of his rights to:

- Inspect copies of the records that ED holds (including promissory notes)
- Enter into a voluntary repayment plan in order to avoid offset
- Request an ED hearing/review to dispute the debt
 - If the borrower requests a review/hearing within 65 days of the notice, ED must conduct the review before certifying the account

While PCAs should respond to any request for copies of records that ED holds, TOP regulations technically require that borrowers make this request in writing to a designated ED address in order to be protected from offset. (b)(7)(E)

(b)(7)(E) For borrowers who opt to avoid offset by establishing an approved payment plan, ED must receive their first voluntary payment within 65 days of ED's notice of intent to offset and must continue to make timely, consecutive monthly payments.

TOP 65-day notices are currently mailed (b)(7)(E)

(b)(7)(E)

C. PCA Responsibilities during the Pre-Offset Process

- Written requests for review must be sent promptly by overnight service to the U.S. Department of Education imaging center:

(b)(7)(E)

Submissions should be sent "separately" with a cover letter/sheet indicating TOP RFR.

- Upon borrower request, promptly provide copies of promissory notes

(b)(7)(E)

D. Certification

(b)(7)(E)

Important: Once ED certifies an account for offset, that account will remain certified until the account is resolved, or inactivated as legally required by law/

(b)(7)(E)

(b)(7)(E)

E. Notification of Offset

Treasury will notify the borrower in writing each time an offset is processed. The borrower may receive this notice (see end of chapter) one to two weeks before the offset posts onto the ED payment history (b)(7)(E) [redacted]. The date on the notice is typically the effective date of the offset.

F. Inactivation

Once an account is satisfied (b)(7)(E) [redacted] ED will notify Treasury to inactivate the account. However, if a GA also certified an account in TOP, the borrower should be referred to the GA to resolve the GA account.

Important: There is about a three-week delay between when an account is inactivated on ED's database and when Treasury's system is updated. (b)(7)(E) [redacted]

(b)(7)(E) [redacted]

(b)(7)(E) [redacted] By calling FMS, borrowers can also find out whether a State agency or a Federal agency, other than ED, certified their account in TOP.

(b)(7)(E) [redacted]

(b)(7)(E)

PCAs may refer borrowers to ED's Customer Call Center (800-621-3115)

(b)(7)(E)

D. PCA Contacts

The Chicago Regional Office handles all TOP Hearings. Any questions or concerns about the TOP Hearing process should be directed to the Chicago Office (312-730-1477). When calling the main number, please ask to speak to a TOP Hearing Official.

(b)(7)(E)

(b)(7)(E)



B. Sample Treasury Notice of Offset

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
PO BOX 1686
BIRMINGHAM, ALABAMA 35201-1686

THIS IS NOT A BILL – PLEASE RETAIN FOR YOUR RECORDS

07/03/08

JOE BORROWER
123 STREET
CITYTOWN, ST 11111-2222

Dear JOE BORROWER:

As authorized by Federal law, we applied all or part of your Federal payment to a debt you owe. The government agency (or agencies) collecting your debt is listed below.

U.S. DEPARTMENT OF EDUCATION
C/O GREAT LAKES HIGHER ED GUAR CORP
COLLECTION SUPPORT
P.O. BOX 7859
MADISON, WI 53707-7859
(608) 246-1535 (800) 354-6980
PURPOSE: Non-Tax Federal Debt

TIN Num: 999-99-9999
TOP Trace Num: P49899999
Acct Num: WI999999999
Amount This Creditor: \$146.40
Creditor: 05 Site: WI

The Agency has previously sent notice to you at the last address know to the Agency. That notice explained the amount and type of debt you owe, the rights available to you, and that the Agency intended to collect the debt by intercepting any Federal payments made to you, including tax refunds. **If you believe your payment was reduced in error or if you have questions about this debt, you must contact the Agency at the address and telephone number shown above.** The U.S. Department of the Treasury's Financial Management Service cannot resolve issues regarding debts with other agencies.

We will forward the money taken from your Federal payment to the Agency to be applied to your debt balance; however, the Agency may not receive the funds for several weeks after the payment date. If you intend to contact the Agency, please have this notice available. Please do not contact the Social Security Administration regarding this reduction made in your Federal payment.

U.S. Department of the Treasury
Financial Management Service

CHAPTER 9: REHABILITATION

Rehabilitation is an ED “payment” program whereby an eligible borrower can, through appropriate and timely monthly payments, “rehabilitate” their defaulted loan(s) into good standing. Through the borrower’s efforts of making consistent payments on-time, the borrower is able to receive certain benefits based upon a showing of good faith and a commitment to pay off their debt. (b)(7)(E)

This Chapter will discuss rehabilitations within Direct Loans, Federal Family Education Loans (FFEL) and the Federal Perkins Loan Program (formerly NDSL).

1. DIRECT LOAN REHABILITATION

Reference: 34 CFR 685.211(f)

A. Loan Eligibility

- Only Direct Loans are eligible for Direct Loan Rehabilitation
 - (b)(7)(E)
- Consolidation loans are eligible
- Loans rehabilitated prior to August 14, 2008 are eligible
 - (b)(7)(E)
- While there is no fixed minimum balance eligible for rehabilitation, balances that are less than twice the borrower’s monthly payment will not be rehabilitated.
- Direct Loans with judgments are not eligible for rehabilitation

B. Qualifying Payments

Borrowers must make (9) nine full, timely, voluntary monthly payments of an approved amount in a (10) ten month period in order to qualify for Direct rehabilitation. Borrowers may miss one payment in a ten-month period and still qualify for Direct rehabilitation.

- “Full” payments
 - Defined as those meeting the (b)(7)(E) billing amount.

- The full amount of the (b)(7)(E) billing amount must be received in the form of a voluntary payment within twenty days of the (b)(7)(E) billing due date—no more than twenty days early nor twenty days late
 - Involuntary payments (wage garnishments, offsets, DOJ payments, etc.) do not count toward this requirement.

➤ **Billing amount**

- (b)(7)(E)

➤ **“Split” Payments**

- (b)(7)(E)

➤ **“Timely” payments**

- Defined as those received at the payment center (i.e., have an effective date on the R103 screen) within twenty days of the L103 billing due date—no more than twenty days early nor twenty days late.
 - Nine full payments must be received within twenty days of a single due date in order for the borrower to qualify.

- (b)(7)(E)

➤ **Bounced Payments**

- Payments reversed or stopped do not count toward the series of qualifying payments

➤ **Current Payments**

- Borrower must be current with his payments as of the last day of the calendar month.
 - Borrower must have made a timely full payment for the most recently expired monthly due date (i.e., the last monthly due date that is at least 20 days earlier than the last day of the calendar month) or for a subsequent due date that has not yet expired.

• (b)(7)(E)

➤ **ED's Direct Debit Program (DDP) Payments**

- Count toward rehabilitation

- (b)(7)(E)

C. Acceptable Payment Amounts

➤ **“Reasonable and Affordable Minimum Payment Percentage” Qualifying Payments**

- Must be based on the amount owed and on the borrower’s “total financial circumstances.”

- (b)(7)(E)

-

➤ **“Reasonable and Affordable Income Based Repayment” Qualifying Payments**

- (b)(7)(E)

- IBR Calculator

<http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp>

- (b)(7)(E)

- The PCA must collect either a copy of the previous year's tax return or a signed ADOI, (b)(7)(E), that documents the borrower's income for the previous (b)(7)(E) years. Either document must be submitted to the DMCS Servicer so it can be scanned in with the borrower's account information.
- The PCA must collect and keep copies of the financial information that is taken over the phone for all R&A repayment amounts that are done using the IBR calculator. The information taken from the phone can be used to populate an ADOI form that the borrower can then sign. The PCA shall submit the documentation to the DMCS Servicer so it can be scanned in with the borrower's account information.

➤ **Obtaining a completed statement of financial status**

- The PCA must obtain a statement if

- (b)(7)(E)

-

- The R&A IBR plan is used

➤ **Wage garnishment (or other monthly involuntary payment situation)**

- Borrower may qualify for rehabilitation by making voluntary payments in addition to his/her garnishment payments.
- The voluntary payments must meet all requirements as stated in this document; the fact and amount of the garnishment (or other involuntary) payments do not affect the requirements for rehabilitation.

➤ **Accounts with loans from multiple programs**

- Since every loan program (Direct, FFEL & FISL, NDSL-Perkins) has its own rehabilitation program, a borrower's total monthly payment should be calculated as the aggregate of the minimum payments for each program's cohort of loans in the account.

- (b)(7)(E)

(b)(7)(E)

- This is because the loans will be split up at the time of rehab, and the new loan holder will be calculating a new payment amount based only on the amount assigned to that loan holder

➤ **Additional considerations**

○ (b)(7)(E)

○ (b)(7)(E)

D. Monthly Transfer Process

Unlike FFELs, Direct Loans are automatically considered rehabilitated once the borrower makes his/her final qualifying payment. Shortly after the end of each calendar month ED will identify rehabilitated Direct Loans and transfer them back to the Direct Loan Servicer.

Only accounts that were set up on billing on the (b)(7)(E) as of close of business on (b)(7)(E) (b)(7)(E) will be reviewed for transfer. The borrower's final qualifying payment must have posted (b)(7)(E) as (b)(7)(E) in order for the account to guarantee it will be reviewed for transfer. (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

F

Distribution authorized to the Department of Education and its Private Collection Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

Distribution authorized to the Department of Education and its Private Collection Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

2. NDSL-PERKINS LOAN REHABILITATION

Reference: 34 CFR 674.39

A. Loan Eligibility

- Only NDSL (National Direct and National Defense) and Perkins loans are eligible for this type of rehabilitation.
 - These are identifiable by the first letter in the debt identification number: (b)(7)(E)
- Loans with judgments may be rehabilitated if the borrower signs a new promissory note. See subsection H (Judgment Loans) of this section for more information.
- Previously rehabilitated loans are not eligible for rehabilitation
- There is no minimum payoff balance eligible for rehabilitation, but accounts where the balance is less than twice the borrower's *monthly payment amount* will not be rehabilitated.
- Borrowers must sign and return to the PCA a rehab agreement letter (see Chapter 4 for more letter information)

B. Qualifying Payments

Borrowers must make a full, timely, voluntary payment of an approved amount each month for 9 consecutive months in order to qualify for NDSL-Perkins rehabilitation.

- **"Full" payments**
 - Defined as those meeting the (b)(7)(E) billing amount.

○ (b)(7)(E)

- **Billing amount**

○ (b)(7)(E)

(b)(7)(E)

■ (b)(7)(E)

■

(b)(7)(E)

➤ **“Timely” payments**

- Defined as those received at the payment center (i.e., have an effective date on the (b)(7)(E) within fifteen days of the (b)(7)(E) billing due date—no more than fifteen days early nor fifteen days late.
- Nine full consecutive payments must be received within fifteen days of a single due date in order for the borrower to qualify.
- (b)(7)(E)

➤ **Bounced payments**

- Payments that bounce, are reversed or are stopped do not count toward the series of qualifying payments.

➤ **ED’s Direct Debit Program (DDP) Payments**

- Count toward rehabilitation
- (b)(7)(E)

C. Acceptable Payment Amounts➤ **“Reasonable and Affordable” qualifying payments**

- Qualifying payments must be “reasonable and affordable” based on the amount owed and on the borrower’s “total financial circumstances”.

(b)(7)(E)

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➤ **Obtaining a completed statement of financial status**

- The PCA must obtain from the borrower a completed statement of financial status if

(b)(7)(E)

➤ **Wage garnishment (or other monthly involuntary payment situation)**

- Borrower may qualify for rehabilitation by making voluntary payments in addition to his/her garnishment payments.
- The voluntary payments must meet all requirements as stated in this document; the fact and amount of the garnishment (or other involuntary) payments do not affect the requirements for rehabilitation.

➤ **Accounts with loans from multiple programs**

- Since every loan program (Direct, FFEL & FISL, NDSL-Perkins) has its own rehabilitation program, a borrower's total monthly payment should be calculated as the aggregate of the minimum payments for each program's cohort of loans in the account.

■ (b)(7)(E)

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(b)(7)(E)

E. Submission Procedures

(b)(7)(E)



(b)(7)(E)

3. **FFEL LOAN REHABILITATION**

Reference: 34 CFR 682.405

A. **Loan Eligibility**

- Only GSL and FISL loans are eligible for FFEL Rehabilitation.
 - These are identifiable by the FFEL or FISL debt tag (dFFEL or dFISL).
- The following GSL and FISL loans are not eligible:
 - Loans with judgments.
 - Judgments do not expire, (b)(7)(E)
- Consolidation loans are eligible
- Loans rehabilitated prior to August 14, 2008 are eligible
- Borrowers must sign and return to the PCA a rehab agreement letter.
 - Please see Chapter 4 for rehab agreement letters
- The following account conditions should be resolved before submitting the account for sale:
 - **Mixed balances**
 - If the account includes a mixture of negative and positive balance debts, the negative balance debt must be resolved by the CSB contractor prior to

B. **Qualifying Payments**

Borrowers must make 9 full, timely, voluntary monthly payments of an approved amount in a ten month period in order to qualify for FFEL rehabilitation.

➤ **“Full” payments**

- Defined as those meeting the Payment Schedule billing amount.
- The full amount of the billing amount must be received in the form of a voluntary payment within twenty days of the Payment Schedule billing due date—no more than twenty days early nor twenty days late.
 - Involuntary payments (wage garnishments, offsets, DOJ payments, etc.) do not count toward this requirement.

➤ **Billing amount**

- (b)(7)(E)

- (b)(7)(E)

➤ **“Timely” payments**

- Defined as those received at the payment center (i.e., have an entered date on the Financial Transaction screen) within twenty days of the (b)(7)(E) billing due date—no more than twenty days early nor twenty days late.
- Nine full payments must be received within twenty days of a single due date in order for the borrower to qualify.

- (b)(7)(E)

➤ **Bounced payments**

- Payments that bounce, are reversed or are stopped do not count toward the series of qualifying payments.

➤ **Current Payments**

- Borrowers may miss one payment in a ten month period and still qualify for FFEL rehabilitation.
- The borrower must be current with his payments as of the sale cutoff date.
 - This means that the borrower must have made a timely full payment for the most recently expired monthly due date (i.e., the last monthly due date that is at least 20 days earlier than the sale cutoff date) or for a subsequent due date that has not yet expired.

➤ **ED's Direct Debit Program (DDP) Payments**

- Count toward rehabilitation.

○ (b)(7)(E)

C. Acceptable Payment Amounts

➤ **“Reasonable and Affordable” qualifying payments**

- Qualifying payments must be “reasonable and affordable” based on the amount owed and on the borrower’s “total financial circumstances.”

○ (b)(7)(E)

○

➤ **“Reasonable and Affordable Income Based Repayment” Qualifying Payments**

○ (b)(7)(E)

- IBR Calculator

<http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp>

○ (b)(7)(E)

- The PCA must collect either a copy of the previous year's tax return or a signed ADOI, form OMB No. 1845-0102, that documents the borrower's income for the previous (b)(7)(E) years. Either document must be submitted to the DMCS Servicer so it can be scanned in with the borrower's account information.
- The PCA must collect and keep copies of the financial information that is taken over the phone for all R&A repayment amounts that are done using the IBR calculator. The information taken from the phone can be used to populate an ADOI form that the borrower can then sign. The PCA shall submit the documentation to the DMCS Servicer so it can be scanned in with the borrower's account information.

➤ **Obtaining a completed statement of financial status**

- The PCA must obtain a statement if

- (b)(7)(E)

- (b)(7)(E)

- The R&A IBR Plan is used.

➤ **Wage garnishment (or other monthly involuntary payment situation)**

- Borrower may qualify for rehabilitation by making voluntary payments in addition to his/her garnishment payments.
- The voluntary payments must meet all requirements as stated in this document; the fact and amount of the garnishment (or other involuntary) payments do not affect the requirements for rehabilitation.

➤ **Accounts with loans from multiple programs**

- Since every loan program (Direct, FFEL & FISL, NDSL-Perkins) has its own rehabilitation program, a borrower's total monthly payment should be calculated as the aggregate of the minimum payments for each program's cohort of loans in the account.

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(b)(7)(E)

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➤ **Additional considerations**

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(b)(7)(E)

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(b)(7)(E)

D. Balance Sensitive Rehabilitations (BSR)

➤

(b)(7)(E)

➤

In general, borrowers in the BSR program consolidate their loans immediately after rehabilitation in order to take advantage of the longer-term repayment plans that are available on FFEL consolidation loans.

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➤

(b)(7)(E)

➤

The PCA must complete a Fast-Track consolidation package for every BSR borrower, regardless of the types of loans being rehabbed.

E. Bi-Weekly Transfer Process

Rehabilitation sales will be processed bi-weekly.

(b)(7)(E)

F. Submission Procedures

(b)(7)(E)

➤ **BSR accounts**

- PCAs should ship, via overnight delivery, the consolidation application package to the rehabilitation lender on the date ED creates the files described above.
- The lender will reject from sale any accounts for which the required documents are not received.

➤ **Submit rehab agreement letter**

- Complete an IMF form with the comments "Scan to file only, no response"

(b)(7)(E)



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(b)(7)(E)

CHAPTER 10: CONSOLIDATION

(b)(7)(E)

1.

GENERAL REQUIREMENTS

Reference:
Direct Loans - 34 CFR 685.220
FFEL - 34 CFR 682.201(c) et seq.

A. Eligible Loans

- The following loans/debts are NOT eligible for consolidation:

- Program overpayment (POVR) debts

- (b)(7)(E)

- Consolidation loans

- (b)(7)(E)

- Loans with judgments

- “Stand alone” Perkins/NDSL loans are not eligible for consolidation.

- (b)(7)(E)

- Borrowers for whom a wage garnishment payment has been received within the preceding 90 days are not eligible for consolidation

B. Qualifying Payments

Except for Forced-ICRP consolidations (see section 2 of this Chapter), borrowers must make a full, timely, voluntary payment of an approved amount each month for (b)(7)(E) consecutive months in order to qualify for consolidation.

These payments must have posted to the account (b)(7)(E) by the time the PCA certifies the account for consolidation. It is not required that borrowers be set up on billing (b)(7)(E)

➤ **“Full” payments**

- Defined as those meeting the amount (b)(7)(E)
- The full amount must be received in the form of a voluntary payment within fifteen days of a single monthly due—no more than fifteen days early nor fifteen days late.
 - Involuntary payments (wage garnishments, offsets, DOJ payments, etc.) do not count toward this requirement.

▪ (b)(7)(E)

➤ **“Timely” payments**

- Defined as those received at the payment center (b)(7)(E)

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○

➤ **Bounced payments**

- Payments that bounce, are reversed or are stopped do not count toward the series of qualifying payments.

C. Acceptable Payment Amounts

➤ **“Reasonable and Affordable”**

- Qualifying payments must be “reasonable and affordable” based on the amount owed and on the borrower’s “total financial circumstances.”

○ (b)(7)(E)

➤ **Obtaining a completed statement of financial status**

○ (b)(7)(E)

- The PCA must document acceptance of the statement of financial status form (b)(7)(E)

- The PCA must retain the completed statement of financial status form, and all accompanying documentation, through the end of the contract, and must be able to produce it for ED inspection within a reasonable timeframe upon request.

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2.

FORCED-ICRP CONSOLIDATIONS

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A. Processing Steps

- The PCA must obtain from the borrower either a **copy of his most recent Federal tax return** or, if the borrower did not file in the most recent tax year or his financial circumstances have substantially changed, **documentation of the borrower's taxable income**.
- The PCA must complete the **ICR payment calculator** (b)(3):44 USC § 3541,(b)(7)(E) and retain copies of the borrower's income documentation and printouts of the data entry and results page of the calculator through the end of the contract, and must be able to produce them for ED inspection within a reasonable timeframe upon request.
- The PCA must obtain a completed "**Alternative Documentation of Income [ADOI] form**" from the borrower
 - The income stated on this form should only be taxable income.
 - FSA will not make determinations about whether a borrower's income is taxable prior to submission. Borrowers should seek advice from the IRS

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3. **BORROWER COUNSELING**

Before promoting consolidation as a resolution option, PCAs must truthfully and fully counsel borrowers about its advantages, disadvantages and ramifications. PCAs must ensure that borrowers understand that a consolidation loan is a loan that they must repay, and must convey to borrowers the importance of continuing to make monthly payments, as required, on the new consolidation loan.

Prior to certifying an account for consolidation, the PCA must have sent the borrower a letter, approved by ED, which explains the ramifications and responsibilities of consolidation (See Chapter 4).

A. Capitalization of Interest and Collection Costs

- The principal balance on the new consolidation loan will be the sum of all outstanding principal, interest and collection costs owed on the underlying loans at the time the consolidation payoff is received.
- Interest will accrue on a higher balance after consolidation than before.

B. Fixed Interest Rates

- Consolidation loans have a fixed interest rate, which is the weighted average of the interest rates of the underlying loans, rounded up to the nearest eighth of a percent, subject to an interest rate cap.
- In most instances, unless the weighted average exceeds the cap (which is rare), the borrower's new interest rate will be slightly higher than before consolidation.
- The interest rate on underlying loans with a variable interest rate becomes fixed in the consolidation loan
- Over the life of the loan, the borrower's interest rate may be lower or higher than if s/he did not consolidate

➤ (b)(7)(E)

C. Defenses against Underlying Loans

- PCAs must NOT promote consolidation to borrowers who dispute the amount of or their obligation to pay the underlying loans, unless/until that dispute has been resolved.
- This includes, but is not limited to:
 - Borrowers claiming total and permanent disability
 - Borrowers raising objections based on bankruptcy, closed school, ability to benefit, unpaid tuition refund, and unauthorized signature issues.
- ED reserves the right to reverse any commission paid if the borrower's consolidation loan is discharged based on conditions that existed before consolidation.

D. Right to Consolidate

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PCAs may NOT tell a borrower that s/he is ineligible for consolidation unless s/he does not meet the regulatory requirements for eligibility.

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E. Credit Bureau Reporting

- The underlying loans (the defaulted loans being paid in full by the proceeds of the consolidation loan) will be reported to credit bureaus as “paid in full” (b)(7)(E)

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F. Title IV Eligibility

- The underlying defaulted loans, once paid by the proceeds of the consolidation loan, will no longer affect the borrower’s eligibility to receive additional Title IV student financial aid (including Federal loans and Pell Grants)
 - Except to the extent that they count against the borrower’s loan limit.

4. CERTIFICATION

Certification is the process through which a borrower’s payoff information is provided to the prospective consolidation lender.

For administrative convenience, ED may delegate to its collection agencies the authority to complete Lender Verification Certificates (LVCs) from FFEL consolidation lenders and from Direct Loans.

A. LVC Signing Authority

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B. LVC Reviews

- ED will routinely review these LVCs to ensure that they are being completed accurately.

- ED reserves the right to revoke, either temporarily or permanently, any agency's authority to complete or sign LVCs, if ED detects a significant lack of quality control or any evidence of fraud or abuse.

C. DMCS Updates

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5.

APPENDICES

APPENDIX A - ACKNOWLEDGMENT OF CERTIFICATION RESPONSIBILITIES

Acknowledgment of Certification Responsibilities

I certify that I understand all of the statutory and regulatory requirements governing the eligibility of borrowers for consolidation in both the Federal Family Education Loan Program and the William D. Ford Federal Direct Loan Program. I further certify that I understand all of the contractual requirements governing the eligibility of borrowers in the portfolio of the Department of Education's Student Financial Assistance Programs Students Channel Collections. I confirm that I have a thorough knowledge of the Debt Management and Collection System and can discern whether or not borrowers have met the eligibility requirements for consolidation. Prior to certifying any borrower as eligible for consolidation, I will review all pertinent screens in the Debt Management and Collection System and, as necessary, in my company's collection system. I understand that, by signing any Loan Verification Certificate, or otherwise certifying that a borrower is eligible for consolidation, I am affirming that, to the best of my knowledge, that borrower meets all regulatory, statutory and contractual requirements. I also understand that any false statement on my part may result in criminal or civil sanctions against my company both or me.

Full Name of Authorized Official _____

Signature of Authorized Official _____

Today's Date _____

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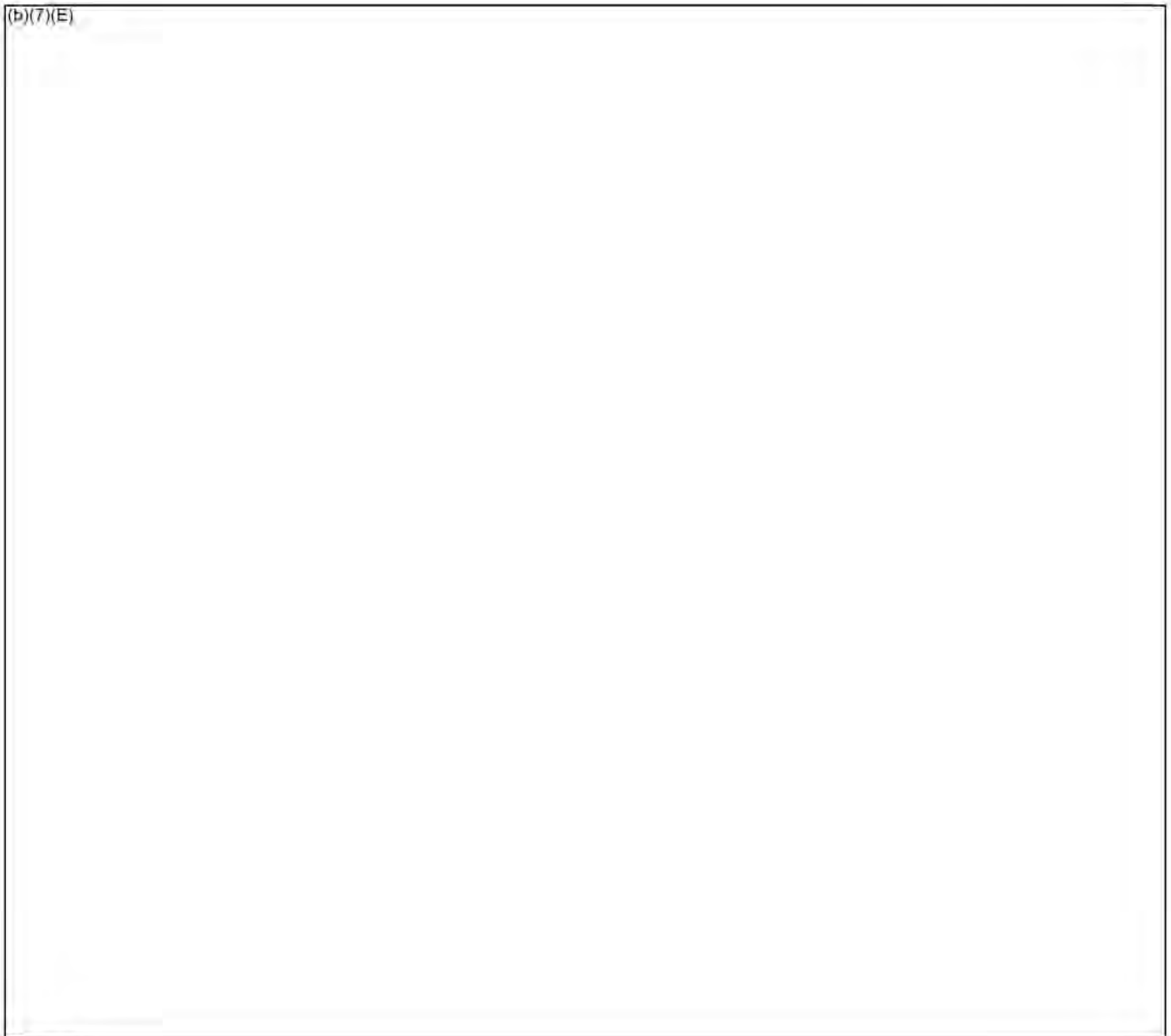


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13 102 15 16 105 18 107 20 109 22

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Counseling Borrowers on the Advantages, Responsibilities and Ramifications of Consolidation

The collection agency should fully counsel borrowers on consolidation. The Direct Loans publication “Borrower’s Rights and Responsibilities”, which must be sent to every Fast-Track borrower, is an excellent summary of topics to discuss with borrowers. Borrowers must understand that:

- A consolidation loan is a new loan
- The defaulted loans paid off by the consolidation will be reported to credit bureaus as paid in full and will typically display as “paid collection accounts”
- Upon consolidation, the loans consolidated will no longer prevent the borrower from receiving additional Title IV financial aid
- Direct Loans offers several different repayment plans to accommodate differing financial circumstances
- Borrowers who experience a change in financial circumstances can change plans or can secure a variety of deferments and forbearances to avoid delinquency
- By consolidating, all interest, as well as collection costs equal to 11.1% (eventually 8.1%) of combined principal and interest, will become the principal balance of their new loan--thus, interest accruals on their consolidation loan may be higher than on their defaulted loans
- If the consolidation loan defaults, it will not be eligible for consolidation

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Required Forms

Each agency will be provided .pdf versions of all Direct Loan application documents. The agency will be required to print copies of these documents at their own expense. Before printing such documents, the agency should:

- Ensure that their Fast-Track identification number is also printed in the upper right corner of each document. Unless otherwise stated, this will be each agency's "AG" number, and will allow Direct Loans to identify stray documents as Fast-Track and to return incomplete documents to the correct collection agency.

What follows is a table listing the forms that must be sent to borrowers. Note that borrowers who choose the ICR plan require additional forms.

Forms That Must be Sent to Borrowers

Form	No. Pages	(b)(7)(E)
Approved "Consolidation Responsibilities" letter (before package sent to borrower)	1	
Borrower's Rights and Responsibilities	2	
Application Form/Promissory Note	4	
Repayment Plan Selection Form	1	
Consent to Disclosure of Tax Information	1	
Alternative Documentation of Income (ADOI)	1	

Edit Requirements

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Inaccurate applications require more handling at Direct Loans and thus reduce the overall efficiency of Fast-Track. Therefore, agencies with persistently high rejection rates are subject to exclusion from Fast-Track. Many agencies consistently achieve a 100% accuracy rate--because they have invested in the technology needed to generate accurate and complete application materials, and because they have established effective quality control processes. The document

“Fast-Track Edit Requirements” (Appendix F) details the exact edit requirements for every field on every form. Inevitably, questions will arise; when this happens, the agency may call the Fast-Track unit at

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The Application Form /Promissory Note

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Program	Loan Type	DMCS Abbreviation	Direct Loan Code
FISL	Federally Insured Student Loan ⁸	FISL	C
NDSL	National Direct Student Loan	I	M
	National Defense Student Loan	E	N
	Perkins Loan	P	F
GSL	Stafford	STAF	A
	Consolidation	CONS	O
	Supplemental Loan for Students	SLS	H
	Auxiliary Loan to Assist Students	ALAS	P
	Parental Loans for Undergraduate Students	PLUS	T
Direct	Subsidized Stafford ⁹	STAF	D

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Loans		(b)(7)(E)	
	Unsubsidized Stafford		
	PLUS		

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-
-
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Reviewing Signed Applications

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Submitting Application Materials to Direct Loans

Prepare an LVC

Once the PCA has reviewed the application materials for accuracy and completeness, the PCA should complete a Direct Consolidation LVC. (b)(7)(E)

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Timing Fast-Track Submissions

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weekly limit. Any applications received beyond the cap amount will be returned to the

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Forms to be Submitted

What follows is a summary of the forms that constitute a complete Fast-Track application package.

Forms Which Must be Submitted to LCC

Form	No. Pages	All Borrower s	ICR Borrowers
Application Form	4	X	X
Repayment Plan Selection Form	1		X
Loan Verification Certificate	1	X	X
Consent to Disclosure of Tax Information	1		X
Alternative Documentation of Income (ADOI)	1		X

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Errors on Application Materials

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First Letter of Debt ID		Program	Loan Type	DMCS Abbreviation	Direct Loan Type Code	Direct Loan Packet
(b)(7)(E)		Federally Insured Student Loans	Federally Insured Student Loan ¹⁰	FISL	C	Subsidized
		Campus-Based Student Loans	National Direct Student Loan	I	M	Subsidized
			National Defense Student Loan	E	N	Subsidized
			Perkins Loan	P	F	Subsidized
		Guaranteed Student Loans	Stafford	STAF	A	Subsidized
			Supplemental Loan for Students	SLS	H	Unsubsidized
			Auxiliary Loan to Assist Students	ALAS	P	Unsubsidized
			Consolidation	CONS	O	Subsidized
			Parental Loan for Undergraduate Students	PLUS	T	PLUS
		Direct Loans	Subsidized Stafford	STAF	D	Subsidized
			Unsubsidized Stafford	STAF	L	Unsubsidized
			PLUS	PLUS	U	PLUS
			Subsidized Consolidation ¹²	STAF	D	*
			Unsubsidized Consolidation	STAF	E	*
			PLUS Consolidation	PLUS	V	*
(b)(7)(E)						

Distribution authorized to the Department of Education and its Private Collection Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

(b)(7)(E)



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Distribution authorized to the Department of Education and its Private Correction Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

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contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

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Distribution authorized to the Department of Education and its Private Collection Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

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APPENDIX G - DIRECT CONSOLIDATION LOAN VERIFICATION CERTIFICATE (EXCEL VERSION)

1. Software Requirements:

This application was created in Microsoft Excel 2000. Because it relies heavily on formats, it should be run only on Excel 2000 or higher. The formats may not transfer correctly to other spreadsheet applications such as Lotus; the user should test carefully the outputs of any attempt to run this application to ensure compatibility with individual printers, networks and computers.

2. Using the Program:

- The program is a workbook comprised of two worksheets. The user enters data only into the worksheet called "DataInput". Once all data has been entered, the user should print the worksheet called "Certificate". The program will not allow the user to directly enter data into the second worksheet, and the first worksheet cannot be printed and submitted in place of a regular certificate.
- Loan holder and payoff address information need only be entered once by the user. It is suggested that you enter this data immediately and save the file with your information to avoid the need for duplicative effort. The fields for entering this information are Located at the bottom of the "DataInput" worksheet.
- The program is hard-coded to fill the VC's Field 4 ("Today's Date") and the signature date with the date on which you print the form. The LCC will assume that interest reported on the VC reflects accruals through this date. Thus, you should print the form on the same day that you pull data from the DMCS. Do not project interest into the future; the LCC will compute the interest that accrues after certification using the per diem value on the VC.
- Most of the actual data input fields are self-explanatory and correlate to actual fields on the VC. It is strongly recommended that you test the program before implementing it on a wide scale. The worksheet "Certificate", when printed, should look almost exactly like a regular verification certificate; if it appears to be different, contact the LCC. It is recommended that you submit a test version to LCC to ensure that your input conventions are correct and that the integrity of the program has not been affected by software or hardware differences.

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Underfunding Correction Request Form

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Today's Date: _____

(b)(7)(E)

CHAPTER 11: LOCATING PROMISSORY NOTES

Promissory notes can be a very important tool, often enabling a PCA to reach account resolution. Notes may aid in dispute resolution, payment negotiations, borrower location, and/or borrower research.

The following information is designed to assist PCAs to determine how, when and with whom to locate promissory notes.

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1. PROGRAM DETERMINATION

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(b)(7)(E)

2.**DIRECT LOANS**

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(b)(7)(E)

C. On-Line IMF

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3. FISLs

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(b)(7)(E)

(b)(7)(E)



C. CSB Panagon Non-Image Search

(b)(7)(E)



(b)(7)(E)

➤ Turnaround time:

- If the requested documents have not been received within 10 days of the original request (b)(7)(E)

- If the debt was loaded less than six months ago, the collateral may have been received at Greenville but not yet imaged.

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■

D. On-Line IMF

- If the desired PNote is not found (b)(7)(E) submit an on-line IMF request to locate the missing promissory note.

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4. NDSLs/PERKINS LOANS

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(b)(7)(E)

(b)(7)(E)

➤ **Turnaround time:**

(b)(7)(E)

☐☐☒

C. On-Line IMF

➤ **If the desired PNote is not found**

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(b)(7)(E)

submit an on-line IMF request to locate the missing promissory note.

☒

(b)(7)(E)

5. FFELs GUARANTEED BY NEW YORK AND HEAF

(b)(7)(E)

(b)(7)(E)

➤ Turnaround time:

○

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(b)(7)(E)

(b)(7)(E)

C. On-Line IMF



(b)(7)(E)

(b)(7)(E)

missing promissory note.



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6. FEELS (NOT GUARANTEED BY NEW YORK OR HEAF)

(b)(7)(E)

(b)(7)(E)

➤ (b)(7)(E)

B. On-Line IMF

➤ If the desired PNote is not found (b)(7)(E) submit an

(b)(7)(E)

7. LOCATING PROMISSORY NOTES - CHECKLIST

(b)(7)(E)

(b)(7)(E)



8. APPENDICES

Appendix A - Panagon Common Retrieval Navigation

Logging On

http://4.20.15.101/cr_ui/default2.htm - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites

Address (b)(3):44 USC § 3541.(b)(7)(E)

CSB Common Retrieval

User ID: fsac002

Password: *****

Logon Clear

Click to change password: [\[link\]](#)

Non Responsive

Enter your CSB Panagon Common Retrieval user ID and password, then password has expired, contact the CSB Help Desk at 888-291-2160.

Searching for Documents

Search Clear Submit Report Close

PCA ID: ED0291

Document Class:

Click here to get Microfilm, Microfiche or Paper Documents: ☐

Click here to Print Panagon Images when "Submit" is chosen: ☐

Please Enter At Least One (1) Key Value:

SSN

Debt ID

Optional fields for Microfilm, Microfiche or Paper:

Document Required

Request Type

Debt Type

(b)(7)(E)

Viewing Documents Listed in Search Results

Optional fields for Microfilm, Microfiche or Paper:

Document Required

Request Type

Debt Type

Send To

Street Addr1

Street Addr2

City

State

ZIP

1 Item(s) Found

Doc ID	SSN	Doc Type	Debt ID	Receipt Date	Company ID	Case ID	image_id	Auxiliary 1	AC
2193767758	(b)(6)	corr		2/22/2007	DCSIC0				

Non Responsive

The available imaged documents for the account will display at the bottom of the page. Click on the “Doc ID” hyperlink for each document to view it.

(b)(7)(E)

Microsoft Internet Explorer Non Responsive

Agency	Received:	Subject Code
571	2/22/2007	11

Prote Reason: Administrative Need
Desired Action: Send Prote(s) back to PCA

Missing Debt ID: G199304033719701
Additional Debt IDs: G9802

PCA Comments: Account Resolution

1 of 1

Start | C:\Documents and Settings\... | http://4.20.15.103/ja... | http://4.20.15.103/cr... | 2:01 PM

The document viewer will open in a separate window. Note the page navigation buttons at the bottom of the document viewer—review every page of the document, since the desired document(s) may be buried anywhere.

Close the document viewer by clicking on the close (X) button in the upper right corner of the viewer window.

Logging Out of CSB Panagon Common Retrieval

Click “Close” from the menu at the top of the screen.

Search Clear Submit Report **Close**

PCA ID: ED0291

Document Class: All

Requesting Non-Imaged Documents

PCA ID: ED0291

Document Class:

Click here to get Microfilm, Microfiche or Paper Documents: ☒
~~Click here to Print Page Images when "Submit" is chosen.~~ ☐

Please Enter At Least One (1) Key Value:

SSN

Debt ID

Optional fields for Microfilm, Microfiche or Paper:


Document Required

Request Type

(b)(7)(E)

ents.”

You can request the items listed below by clicking the Submit button. They are not viewable on this web site. Your request will be passed to the Debt Collection System and the documents will be sent to you shortly. You can click on the checkboxes to select debts, otherwise the request will be submitted for every debt displayed.

2 Item(s) Found 

Get	Debt ID	Debt Description	Debt Status
<input type="checkbox"/>	(b)(6)		
<input type="checkbox"/>			

Non Responsive

The debts will be listed at the bottom of the screen. Do not select individual debts. Click “Submit” on the menu at the top of the screen.

Search	Clear	Submit	Report	Close
PCA 10:ED0291				
Document Class: <input type="text" value="All"/>				

Appendix B - Program Overpayment (POVR) Debt Standard Language

Program overpayment (POVR) debts are grant overpayments, not loans. These types of debts do not have promissory notes. These debts are incurred either because the student failed to satisfactorily complete the course(s) for which the grant was issued (i.e., the student withdrew or failed the course), or because the school initially miscalculated the grant amount for which the student was eligible. The PCA should send the POVR assignment form (if available in the Panagon Common Retrieval System) along with a cover letter explaining how grant overpayments occur (see standard language below).

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Standard Language for Explaining POVRs:

"Overpayment" is a term used when the amount of a grant awarded to a student is greater than the amount the student is entitled to receive. An overpayment can occur for a variety of reasons. These can include:

- corrections or updates to applicant information which may result in a lower award after a grant payment is disbursed;
- a student becomes ineligible after a payment is disbursed (for example, he or she is determined not to be making satisfactory academic progress or never attends any classes); and
- at term based schools, a student does not begin or continue the program of study after a payment is disbursed.

The student must repay these overpayments. If a school cannot collect an overpayment, the school may refer the debt to the Department of Education for collection.

Appendix C - On-Line IMFs for Missing Promissory Note Searches

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Logging In

Non Responsive

Enter your “AG” number and password (this will be the standard password used for protecting sensitive information transmitted to ED). Then click the “Login” button.

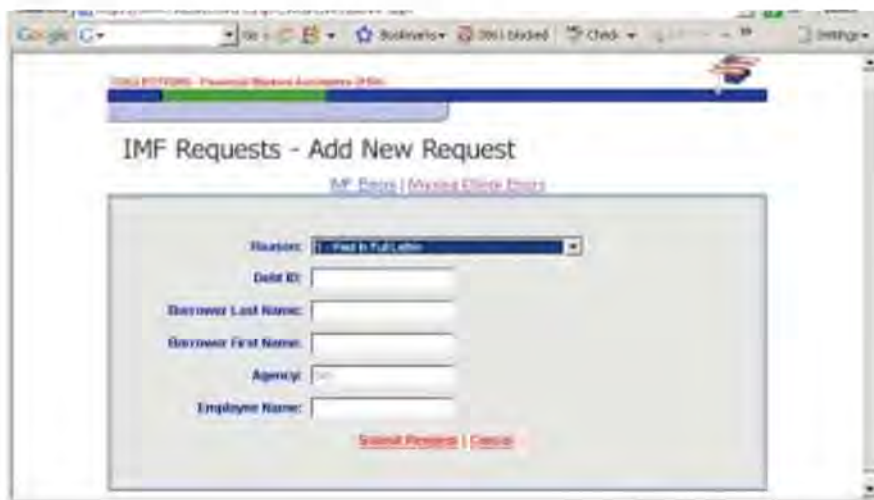
(b)(7)(E)

Nonresponsive

(b)(7)(E)

Once all fields have been populated, click “Submit Request” hyperlink at the bottom of the form.

Viewing Erroneous Prom Note Requests



The screenshot shows a web browser window displaying the "IMF Requests - Add New Request" form. The browser's address bar shows a URL starting with "http://". The form is titled "IMF Requests - Add New Request" and includes a sub-header "IMF Request | Myxins | Error | Error". The form fields are as follows:

- Hours:** A dropdown menu with "12:00:00" selected.
- Date ID:** A text input field.
- Department Last Name:** A text input field.
- Department First Name:** A text input field.
- Agency:** A text input field.
- Employee Name:** A text input field.

At the bottom of the form, there are two buttons: "Submit Request" and "Cancel".

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Appendix D : Direct Loan Image Retrieval Website

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This web [redacted] ins images of most Direct Loan promissory notes not found in Panagon. For access to this site, contact FSA Security (Gregory Plenty).

Terms of Use

Terms of Use

You must "agree" or "disagree" to the terms of this Web site's usage.

This is a Government system to be used by authorized personnel only. If you use this computer system, you should understand that all activities may be monitored and recorded by automated processes and/or by Government personnel. Anyone using this system expressly consents to such monitoring. Warning: If such monitoring reveals possible evidence of criminal activity, monitoring records may be provided to law enforcement officials. This system contains personal information protected by the Privacy Act of 1974 (as amended). If you use this computer system, you are explicitly consenting to be bound by the Acts requirements and acknowledge the possible criminal and civil penalties for violation of the Act.

Click the "I agree" button to advance to the logon page.

Logging On:

START HERE GO FURTHER FEDERAL STUDENT AID **IMAGE RETRIEVAL SYSTEM**

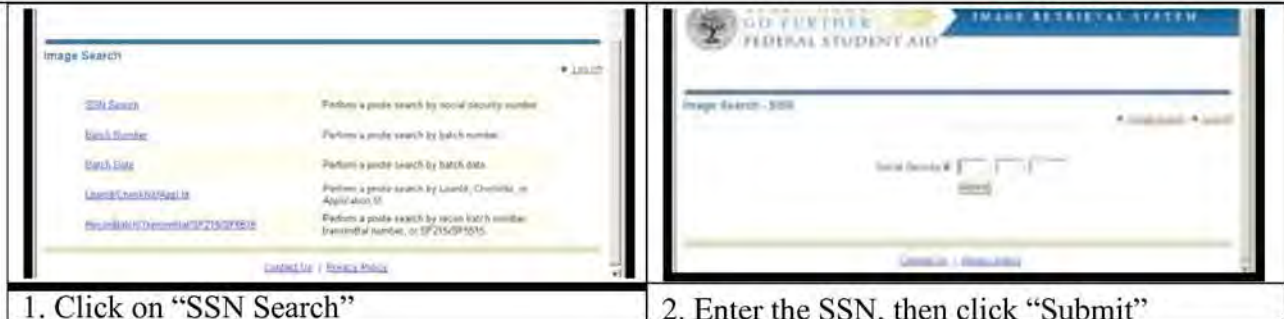
Login

User ID:

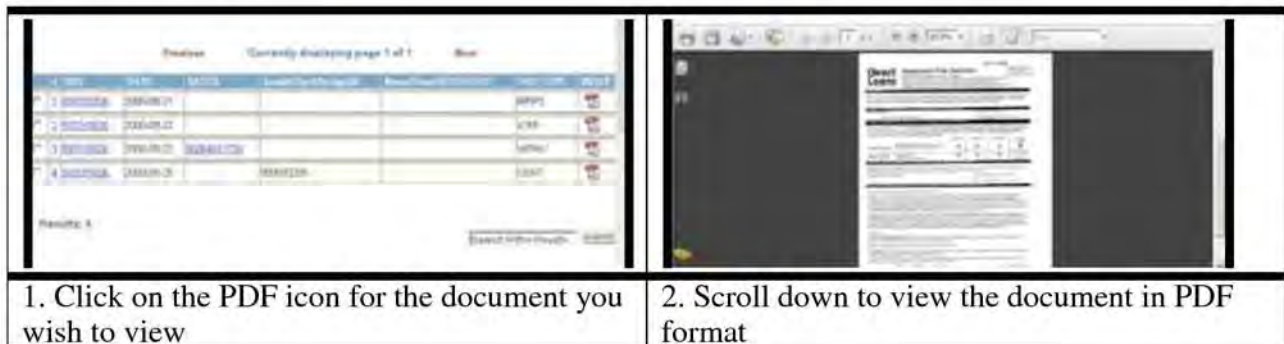
Password:

☐ Check to change password after log in.

[Contact Us](#) | [Privacy Policy](#)



Select and View Images



No Documents Found



If there are no images on file for the SSN, the error message “there was no data found matching your request” will display.

CHAPTER 12:

Account Returns & Administrative Resolutions

EFT (Electronic File Transfer) processing consists of two categories: Account Returns and Administrative Resolutions. (b)(7)(E)

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Reference: SOW 3.4

1. **GENERAL REQUIREMENTS**

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A. **SSU/Manifest**

- Along with any required supporting documentation, PCAs will submit a Single Sheet Update (SSU) form or an electronic manifest generated by the PCA's system for all account returns and administrative resolutions except INA/UNL returns
 - The SSU form/manifest must contain for each account, the borrower's name, Social Security Number and one debt ID number
 - SSU Form is NOT required for INA/UNL accounts
 - PCAs will only submit a transmittal form with the number and type of accounts
- Supporting Documentation for Administrative Resolutions become part of a borrower's file and must be attached to the Single Sheet Update Form (SSU)
 - Documentation must be securely clipped or bound separately with each individual EFT submission
 - Same Debt ID number for individual accounts must be written in the top right hand corner of each page of documents
- If the SSU contains different types of accounts (death, incarcerations, etc.), please group accounts by category.

➤

(b)(7)(E)

PCAs must also include the current account balances.

- SSU form must include:
 - ED Office submitted to
 - Name & Phone number of PCA Contact Person
 - Agency Number-PCA Location Code
 - ED System User ID of PCA Contact
 - Date Submission being sent to ED
- SSU form located in Section 8, Appendix A of this Chapter

B. Transmittal Form

- Along with an SSU form and any supporting documentation, PCAs will also submit an EFT transmittal form for formal approval/rejection of EFT records
 - (b)(7)(E)
- The EFT Transmittal form is used to identify the number and type of records approved by ED that are being transmitted electronically to the DMCS for resolution
- Accounts to be returned may be grouped on a transmittal form within the following categories:
 - (b)(7)(E)
 -
 -
 -
 -
- Limit number of accounts per EFT Transmittal form to 30 Accounts
 - (b)(7)(E)
 -
- A signed and approved EFT Transmittal Form must be submitted for each EFT file.
 - The electronic file must NOT be submitted UNTIL the corresponding signed/approved EFT Transmittal Form is faxed to ACS.
 - Once the signed transmittal form is recieved, the PCA should electronically transmit the EFT file and fax the signed EFT Transmittal form to:
 - (b)(7)(E)
 - (b)(7)(E)
 -
- The number of accounts approved on the EFT Transmittal form must correspond to number of accounts included in the EFT return file transmission.

- In addition, to facilitate matching of EFT files and EFT Transmittal forms, the date the file is transmitted must be put in the “File Transmission Date” on the transmittal form prior to faxing
- ACS (DMCS Contractor) must be able to match the file and the EFT Transmittal form

(b)(7)(E)



(b)(7)(E)



- EFT Transmittal Form must include the following:
 - File Transmission Date (filled in when file transmitted)
 - File Creation Date
 - Agency Number
 - Type and Number of Accounts being returned
 - Signature & Date of ED Monitor indicating Approval
 - PCA Contact Information: name, phone number & fax number
- Transmittal Form located in Section 8, Appendix B of this Chapter

C. ED Monitor Review

(b)(7)(E)

(b)(7)(E)

D. Appeals

(b)(7)(E)

2. ACCOUNT RETURNS

(b)(7)(E)

(b)(7)(E)

3. **DEATH ACCOUNTS**

A. **Required Documentation**

Borrower's death must be documented by:

- An original or certified copy of a death certificate OR
- An accurate and complete photocopy of an original or certified copy of the death certificate.
 - Any photocopies must be legible
 - Any documents that appear altered will be rejected

Additional documentation may include:

(b)(7)(E)

References: 34 CFR 674.61(a); 34 CFR 682.402(b); 34 CFR 685.212(a)

B. **PLUS Loans**

PLUS Loans are loans taken out by parents on behalf of their children. If the holder of a PLUS dies (parent), then the loan can be discharged under normal death discharge procedures.

However, in addition to the loan holder, if the student, for whom the parent received a PLUS loan dies, the obligation of the borrower (and any endorser) to make further payments on the loan is discharged. In these situations the PCA must:

- Obtain the required death certificate of the student (child)

(b)(7)(E)

C. Processing Death Accounts

PCAs should conduct the following steps when reviewing possible death accounts:

- Obtain appropriate death documentation.

(b)(7)(E)

➤

- Document DMCs (b)(7)(E) notepad as follows:

(b)(7)(E)

- Submit complete Death EFT package to the Atlanta Regional Office for review and approval

D. Resolving Mismatching Information

(b)(7)(E)

(b)(7)(E)

E. ED Death Letters

The following letters are provided to aid the PCAs in obtaining acceptable death documentation. In no case may the PCA use photocopied letters with the signature of an ED staff member, nor should the name of any ED staff member be typed on these letters.

➤ **Standard Prime Contractor Request**

To Whom It May Concern:

(Collection Agency Name) has been retained by the U.S. Department of Education to resolve Federal student loan obligations held by the Department. Pursuant to the Higher Education Act (HEA) of 1965, as amended, and Federal regulations 34 CFR 682.402(b), 674.61 and 685.212 in order to verify an individual's death and discharge any Federal student loan obligations, the Department of Education requires the original death certificate, a certified copy of the death certificate, or an accurate and complete photocopy of an original or certified copy of the death certificate.

With regards to these requirements, the Department of Education has authorized **(Collection Agency Name)** to request and obtain information regarding the individual listed below that has been reported as deceased.

Name of Deceased:

Social Security number: **(Last four digits acceptable)**

Date of Birth (if known):

Please send the death certificate to:

This information is needed for official U.S. government business. Federal statutes and regulations require that the U.S. Department of Education and its representatives use the information you provide only for official authorized government purposes.

Your assistance with the death verification process is greatly appreciated.

Sincerely,

U.S. Department of Education
Federal Student Aid, Business Operations

STATE OF GEORGIA

On this ____ day of _____, 2XXX, personally appeared _____, satisfactorily identified as the person stating that this document is his official act and deed with the full understanding of the penalty of law if applicable.

Notary Public

My Commission Expires: _____

61 Forsyth St., Rm 19T89
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID → START HERE. GO FURTHER.

- Request with Prime and Subcontractor relationship



(DATE)

To Whom It May Concern:

(Collection Agency Name) has been retained by the U.S. Department of Education to resolve Federal student loan obligations held by the Department. Pursuant to the Higher Education Act (HEA) of 1965, as amended, and Federal regulations 34 CFR 682.402(b), 674.61 and 685.212 in order to verify an individual's death and discharge any Federal student loan obligations, the Department of Education requires the original death certificate, a certified copy of the death certificate, or an accurate and complete photocopy of an original or certified copy of the death certificate.

(Collection Agency Name) has authorized **(Subcontractor Name)**, acting on behalf of **(Collection Agency Name)**, to obtain information regarding the individual named below, who has been reported as deceased.

Name of Deceased:

Social Security number: **(Last four digits acceptable)**

Date of Birth (if known):

Please send the death certificate to: **(may insert subcontractor address and phone number)**

(In addition, may want to insert Collection Agency contact information in case of further questions)

This information is needed for official U.S. government business. Federal statutes and regulations require that the U.S. Department of Education and its representatives use the information you provide only for official authorized government purposes. Your assistance with the death verification process is greatly appreciated.

Sincerely,

U.S. Department of Education
Federal Student Aid, Business Operations

STATE OF GEORGIA

On this ____ day of _____, 2XXX, personally appeared _____, satisfactorily identified as the person stating that this document is his official act and deed with the full understanding of the penalty of law if applicable.

Notary Public

My Commission Expires: _____

61 Forsyth St., Rm 19T89
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

4. **BANKRUPTCIES**

Bankruptcy is a court procedure established by Federal statute to help borrowers who are unable to meet their financial obligations as they become due. The goal is to give the borrower a “fresh start”. There are two basic types of bankruptcies:

- **Liquidation**: distributes all of the borrower’s assets, if any, among the creditors with the understanding that this partial payment closes the book on the debts.
 - Chapter 7 Bankruptcy (BK7) is a liquidation bankruptcy. It is sometimes called a “personal bankruptcy” and usually takes 4 to 6 months to complete.
 - The BK7s received by ED are usually BK7s with no assets for distribution.
- **Reorganization**: sets up a new extended payment schedule, within the borrower’s means, under which the borrower pays all or only a portion of the debt. It gives the borrower a fresh start by allowing extra time to pay the debt from earnings or wages rather than from liquidating the borrower’s estate.
 - Chapter 13 Bankruptcy (BK13) is a reorganization bankruptcy. It is sometimes called a “wage earner bankruptcy” and usually takes 3 to 5 years to complete.
 - Chapter 11 Bankruptcy (BK11), sometimes called a “business bankruptcy” and Chapter 12 Bankruptcy (BK12), sometimes called a “farmer’s bankruptcy” are also reorganization bankruptcies, but ED rarely sees these bankruptcies for student loan borrowers.

A. **Cease Collection**

(b)(7)(E)

B. Bankruptcy Terminology

(b)(7)(E)

- Date Petition Filed
 - The date that the borrower files a bankruptcy petition in U.S. Bankruptcy Court.
- Date of Filing
 - Date last document/report was filed with the court; does not impact earlier dates of discharge, dismissal, etc.
- Dismissal
 - An action taken by the bankruptcy court to reject a petition for relief in bankruptcy. After a petition is dismissed, the debts listed in that bankruptcy's schedule are treated as if the bankruptcy never existed. These debts are then due and payable.
- General (or Final) Discharge Order
 - This is sometimes called an Order for Discharge or Discharge of Borrower. The order entered by the bankruptcy court giving the borrower relief in bankruptcy. By this order, those debts that are dischargeable are discharged. It does not necessarily discharge all scheduled (listed) debts, particularly student loans.
 - A discharge order does not in most cases relieve the borrower of personal liability for non-dischargeable student loan debts even if those debts were listed in the bankruptcy schedule.
- List of Creditors
 - This is sometimes called a Schedule A-3 or Schedule of Debts. This list is composed by the borrower and filed with the bankruptcy court. The list itemizes all of the creditors and debts that the borrower seeks to have discharged in the bankruptcy.
- Non-Dischargeable in Bankruptcy
 - A student loan that does not meet the requirements for discharge under 11 U.S.C. 523(a)(8)(A) when a general discharge order is entered in the bankruptcy by the court. Collection of the student loan debt may then resume.
- Notice of First Meeting of Creditors
 - The Notice sent by the bankruptcy court to listed creditors advising that a bankruptcy has been filed. Along with other bankruptcy information, it contains

the name and SSN of the borrower(s), the location of the court, the bankruptcy case number, and the date the bankruptcy petition was filed.

- Proof of Claim (POC)
 - A document prepared by a creditor and filed in the court in an asset or wage earner bankruptcy. Its purpose is to state the amount of the outstanding debt and the basis for the debt owed to the creditor as of the bankruptcy date.
- Summons and Complaint to Determine Dischargeability
 - A document indicating that the borrower has filed an adversary action in court petitioning the bankruptcy judge to grant a special order specifically discharging the borrower's student loans. The receipt of such a document is to be considered a priority requiring expedited transfer to ED Litigation Branch:

U.S. Department of Education
Borrower Services
Chief, Litigation Support
50 Beale St #8629
San Francisco, CA 94105

- Terminated
 - Bankruptcy closed

C. Bankruptcy Documentation

The following documents may be received from the borrower or the Bankruptcy Court or from a web service such as PACER:

- | | |
|----------------|--|
| New BKs | <ol style="list-style-type: none"> 1. <u>Order for First Meeting of Creditors</u>, stapled to the 2. <u>List of Creditors or to a Bankruptcy Court Envelope</u>. <ul style="list-style-type: none"> ▪ If you receive an Order for First Meeting document directly from the bankruptcy court in a court envelope, it means that the addressee is already listed with the Court as a creditor. In that case, additional List of Creditors information will not be necessary. |
| Old BKs | <ol style="list-style-type: none"> 3. <u>Discharge of Borrower</u> (in addition to 1 and 2 above) |

Currently, ED is also accepting bankruptcy documentation obtained from Banko, Pacer and Lexis/Nexis. This documentation must specifically list the borrowers name and at least the last four digits of the SSN as a petitioner.

If using PACER, PCAs should review the "Case Summary" screen/page within PACER to find termination, discharge and dismissal dates. No values in these date fields indicate that the bankruptcy is still open.

D. Bankruptcy Notification

Immediately upon becoming aware of a bankruptcy case, the PCA will:

(b)(7)(E)

- Take the appropriate steps as outlined below depending on the filing dates and types of bankruptcies

E. ALL Bankruptcies filed before October 8, 1998:

If the court has issued a Final Discharge AND a determination of dischargeability has not been made and entered on the (b)(7)(E) screen by a Department employee or an employee of ECMC, the PCA should:

(b)(7)(E)

(b)(7)(E)

F. Chapter 7 Bankruptcies filed after October 8, 1998

Title IV student loans and grants are not dischargeable in bankruptcy if the petition is filed on or after October 8, 1998 without the debtor filing an adversary proceeding and an express finding of hardship by the court.

Immediately upon becoming aware of the BK7 case, the PCA will:

(b)(7)(E)	
(b)(7)(E)	

G. “Active” BK13 Cases Filed on or after October 8, 1998

Immediately upon becoming aware of an active BK13 case (or BK11, BK12), the PCA will:

(b)(7)(E)	
(b)(7)(E)	

H. BK13 Cases Filed on or after October 8, 1998 for which the Court has issued an Order of Discharge or a Dismissal Order

Title IV student loans and grants are not dischargeable in bankruptcy if the petition is filed on or after October 8, 1998 without the debtor filing an adversary proceeding and an express finding of hardship by the court. When a BK13 is dismissed by the USBC, the debts become due and payable.

Upon receipt of the Bankruptcy Discharge or Dismissal document, the PCA should (assuming they still have the account):

- Send the appropriate letter and resume collection activity.
- Annotate the (b)(7)(E)
 - "BK13 filed (filing date), Case # _____, USBC, (District in which case is filed), discharged (discharge date) {dismissed (dismissal date)}, ltr to borr, resume collection. (1st initial, last name)"

**** If, at any time, you are unsure about a bankruptcy determination, submit all documentation on an IMF to the Atlanta Regional Office (see Chapter 5 for more information).** (b)(7)(E)

(b)(7)(E)

5. INCARCERATIONS

If the PCA determines that a borrower is incarcerated, the PCA shall obtain verification from a prison official of the borrower's earliest possible release date. Incarcerations are treated as an administrative resolution and are submitted to the Atlanta Regional Office as an EFT by the PCA.

Incarcerations are divided into two categories based on the length of the borrower's sentencing.

➤ **INC** (b)(7)(E)

○

○

➤ **INW** (b)(7)(E)

○

A. Verification Documentation

Verification documentation must contain at least the following information:

- Borrower's full name
- Full DOB.
- Earliest release date (parole date)
 - This date may be classified under different terms such as a parole hearing date. As long as the date is the earliest possible indication of when the prisoner may be released and uses verbiage that supports release date information, the date should be acceptable
 - In the event that the earliest release date has passed and the only other date is the maximum sentence date, the PCA needs to obtain more clarifying/concrete information.
 - This should indicate if there is a new updated early release date or confirm that the earliest release date is now the maximum sentence date.
- Prison facility/institution address

The SSN is encouraged but not required, since most official websites will not provide the SSN.

Acceptable incarcerated documentation from the PCA must be in one of the following three forms:

1) The printed page of verification information from an official prison/state Website.

- Must indicate the borrower the full name and full DOB
 - (b)(7)(E)
- Possible websites are listed in subsection E of this Section

2) Written verification from a prison on the institution's letterhead or the ED incarceration verification letter completed by a prison official (See subsection D of this Section for a copy of the letter)

- The ED Incarceration Letter only needs to be sent in for ED signature if required by the prison/state; unsigned letters with the appropriate information may accepted by some institutions

- If a signature is required for the institution to release information, a original signature must be obtained on each letter

- (b)(7)(E)

- 3) Copy of an email from the prison official verifying the borrower's incarceration status
- Identifying information must include the borrower's name and complete DOB.

Exception: Computer printouts from a state/prison database. Some PCAs (b)(7)(E) are able to obtain incarceration data directly from a state or prison data system. However, since the format or information may be unknown or not easily identifiable, the following statement must be provided on the computer printout or attached:

- "The above information was obtained from the INSERT STATE AND/OR PRISON SYSTEM database provided to INSERT SUBCONTRACTOR or CONTRACTOR NAME for verification purposes. The information provided is, to the best of our knowledge, true and accurate to the individual's current incarceration status."
- If using a subcontractor, below this statement there must be two signature blocks, one for the subcontractor and one for the PCA.
 - If no subcontractor, then just the PCA certification is necessary
- The PCA must also notarize the statement.
 - The subcontractor is not required to notarize
 - If unable to notarize two signatures, the PCA may notarize the statement on a separate copy

The minimum identifying information that must appear as part of the verification record includes the borrower's full name (at least first and last name) and the borrower's full date of birth (month/day/year). (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

If the agency obtains the verification from an online source and the identifying information is not present or complete on the verification, but the agency used personal identifying information to access the incarceration record (i.e. entered borrower SSN), then the agency needs to write on the online record the process used to obtain the record. However, if no personal identifying information is used to obtain the record and the online record is incomplete (i.e. no DOB only borrower age), then the agency must obtain verification through another acceptable format.

If identifying factors are incomplete or inconclusive, the monitor may reject the account or request additional supporting information from the PCAs.

(b)(7)(E)

B. DMCS Documentation

(b)(7)(E)

- The PCA must also **update the borrower address** with the prison address
 - Prison address must include the following format:
 - Prison Name
 - Prison Street/PO BOX Address Inmate#
 - City, State Zip Code
 - If inmate numbers are not used, the PCA must document this fact on the
 - PCA does NOT need to provide supporting documentation for actual prison address as long as updated properly on L103
 - **Exception:** if borrower gave
 - Notation to this effect

C. Processing Incarcerations

PCAs should conduct the following steps when reviewing possible incarceration accounts:

- Obtain appropriate incarceration documentation.
- Verify borrower's incarceration by matching at least date of birth (DOB), and full name
- Document DMCS appropriately
- Submit complete incarceration EFT package to the Atlanta Regional Office for review and approval

D. ED Incarceration Verification Letters

➤ Standard Prime Contractor Request



(Date)

The U.S. Department of Education has retained **(Collection Agency Name)** to provide services in connection with a personal business matter regarding an individual we believe is currently incarcerated at your facility. The information you provide is needed for official U.S. Government business. Pursuant to the Privacy Act, the Department and its representatives, including **(Collection Agency Name)** and any employees who receive this information, may use the information you provide only for official government purposes authorized under the Privacy Act and Department regulations.

Please complete the information listed below and fax back to: () _____.

If you do not have access to a fax you can mail this form to: **(May include phone number)**

Your prompt response is appreciated. Thank you for your assistance in this manner.

Name of incarcerated individual:

Social Security Number: **(last four digits acceptable)**

Birth Date:

Inmate number:

Release date or parole eligibility date (**whichever is earlier**): _____

Name, title, and phone number (if available) of individual verifying this information:

Signature of verifying official: _____

Sincerely,

U.S. Department of Education

Federal Student Aid/Business Operations

61 Forsyth St., Rm 19T89
 Atlanta, GA 30303
www.FederalStudentAid.ed.gov
 1-800-4-FED-AID

FEDERAL STUDENT AID → START HERE GO FURTHER

➤ Request with Prime and Subcontractor relationship



(Date)

The U.S. Department of Education has retained **(Collection Agency Name)** to provide services in connection with a personal business matter regarding an individual thought to be incarcerated at your facility. **(Collection Agency Name)** has authorized **(Subcontractor Name)**, acting on behalf of **(Collection Agency Name)**, to obtain the information listed below to determine the individual's incarceration status.

The information you provide is needed for official U.S. Government business. Pursuant to the Privacy Act, the Department and its representatives, including **(Collection Agency Name, Subcontractor Name)** and any employees who receive this information, may use the information you provide only for official government purposes authorized under the Privacy Act and Department regulations.

Please complete the information listed below and fax to: (____) _____.

If you do not have access to a fax you can mail this form to: **(may insert subcontractor address/phone number)**

(In addition, may want to insert Collection Agency contact information in case of further questions)

Your prompt response is appreciated. Thank you for your assistance in this manner.

Name of incarcerated individual:

Social Security Number: **(last four digits acceptable)**

Birth Date:

Inmate number:

Release date or parole eligibility date (**whichever is earlier**): _____

Name, title, and phone number (if available) of individual verifying this information:

Signature of verifying official: _____

Sincerely,

U.S. Department of Education
Federal Student Aid/Business Operations61 Forsyth St., Rm 19T89
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AIDFEDERAL STUDENT AID  START HERE. GO FURTHER.**E. Possible Incarceration Websites**

<u>State</u>	<u>Website</u>
FEDERAL	www.bop.gov
Alabama	www.doc.state.al.us/inmate_search.htm
Arizona	www.adc.state.az.us/lsearch.htm
Arkansas	www.arkansas.gov/doc/inmate_info
California	www.corr.ca.gov/CDC/Inmate_Locator.asp
Colorado	https://www.cbirecordscheck.com/Index.asp
Connecticut	www.ctinmateinfo.state.ct.us
Florida	www.dc.state.fl.us/activeinmates
Georgia	www.dcor.state.ga.us
Idaho	www.accessidaho.org/public/corr/offender/search.html
Illinois	http://www.idoc.state.il.us
Iowa	www.doc.state.ia.us/OffenderInfo.asp
Kansas	http://docnet.dc.state.ks.us
Kentucky	www.corrections.ky.gov/kool/loffdisclaimer.htm
Maine	www.state.me.us/corrections/VictimServices/default.htm
Maryland	www.dpscs.state.md.us/inmate
Massachusetts	www.vinelink.com

Michigan	http://mi-mall.michigan.gov/ichat
Minnesota	http://info.doc.state.mn.us/publicviewer/main.asp
Mississippi	www.mdcc.state.ms.us
Montana	http://app.discoveringmontana.com/conweb/index.html
Nebraska	www.corrections.state.ne.us
Nevada	www.doc.nv.gov/ncis/search.php
New Jersey	www.state.nj.us/corrections/index.shtml
New Mexico	http://corrections.state.nm.us/offenders/search.php
New York	http://nysdocslookup.docs.state.ny.us/kinqw00
North Carolina	www.doc.state.nc.us/offenders
Ohio	www.drc.state.oh.us/search2.htm
Oklahoma	www.doc.state.ok.us/docs/offender_info.htm
Oregon	www.vinelink.com
Pennsylvania	www.cor.state.pa.us/docapps/locator.asp
Rhode Island	www.vinelink.com
South Carolina	http://sword.doc.state.sc.us
South Dakota	www.state.sd.us/corrections/adult_corrections.htm
Tennessee	www.tennesseeanytime.org/foil/search.jsp
Texas	www.tdcj.state.tx.us/offender_information.htm
Utah	www.cr.ex.state.ut.us/community/victimservices/vine.html
Vermont	www.doc.state.vt.us/offender
Virginia	www.vadoc.state.va.us/offenders/default.htm
Washington	https://watch.wsp.wa.gov
Wisconsin	www.wi-doc.com

(b)(7)(E)

7. TOTAL AND PERMANENT DISABILITIES

Total and permanent disability is defined as a situation where a person is unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death or a person that has been determined by the U.S. Department of Veterans Affairs to be unemployable due to a service-connected condition.

Eligible borrowers may have their Federal Family Education Loans, Federal Perkins Loans, Federal Direct Loans, or Teacher Education Assistance Grants (converted to loans) discharged.

PLEASE NOTE: *Pell and SEOG Grant overpayments (POVR) are not eligible for disability discharges (Please see Subsection F)*

References:

- SOW 3.4 B
- Public Law 110-315 (HEOA)
- 34 CFR 682.402; 674.61; 685.213

A. Required Documentation for NON-Veterans*

**veterans that do NOT meet the conditions listed in Subsection E, will follow the procedures for regular borrowers listed below.*

➤ 1845 Form

- If a borrower claims to be disabled, the PCA will advise the borrower that a "Discharge Application: Total and Permanent Disability" (OMB No. 1845), must be completed by a doctor of medicine or a doctor of osteopathy legally authorized to practice in a "state"

(b)(7)(E)

- PCAs will review the application and corresponding documentation to determine the borrower's eligibility for discharge

(b)(7)(E)

**

(b)(7)(E)

➤ **Credit Bureau Report (CBR)**

○ (b)(7)(E)

➤ **Medical License Verification**

(b)(7)(E)

➤ **Disability Cover Sheet**

- When submitting a disability application to ED for review, the agency must also submit a cover sheet on PCA letterhead with the following information

(b)(7)(E)

➤ **Additional Medical or 1845 clarification documents**

(b)(7)(E)

- Documentation **clarifying medical information** provided by the physician (illegible/missing information in Section 4 questions) should be appended by the physician on the original 1845.

(b)(7)(E)

- **P**

(b)(7)(E)

➤ **ED Original Documents Verification/Explanation Form**

(b)(7)(E)

➤ **Veteran's Administration Medical Letters***

*For veterans that do not meet the special requirements listed in Subsection E

(b)(7)(E)

- The physician must also state in the attachment that he believes the borrower's condition prevents the borrower from being able to work in any capacity and that they anticipate the condition to continue indefinitely.
- Please write on the application, “**see attached.**”

B. 1845 Review

After the 1845 is returned, the PCA will review the form to determine the borrower’s eligibility for discharge.

➤ **Section 1** (Applicant Identification)

- Borrower and/or PCA may fill in this section (dark ink)
- If no phone number is available, write NONE or N/A
- Information may be written, typed, or stamped (stamps on the left-hand side)
- Pseudo SSN may not be used
- Name on application must match name in DMCS

➤ **Section 2** (Instructions for completing the form)

- Key points include:
 - Type or print in dark ink
 - PCAs should list their address and phone number at the bottom of page one to indicate where to send the completed form and the number to call with questions
 - (b)(7)(E)

➤ **Section 3 (Borrower certification)**

- The borrower (or Representative) signature must be an original signature
 - If the form does not contain an original borrower signature it must be certified as a true and exact copy of the original
 - A borrower may print their name in the signature block if that is the borrower's method for his/her signature
 - PCAs need to provide clear documentation supporting this signature method
- For representatives, all the applicable line items must be filled in (address, printed name, borrower relationship)

▪ (b)(7)(E)

(b)(7)(E)

➤ **Sections 5 - 8**

- These sections include definitions, ED review process, discharge periods, eligibility requirements and important notices

(b)(7)(E)

C. Disability Submission Process for NON-Veterans*

*veterans that do NOT meet the conditions listed in Subsection E, will follow the procedures for regular borrowers listed below.

Once the PCA has gathered all the required documentation noted above, verified its completeness, and determined initial eligibility, the PCA may proceed with the disability submission process:

Submission documentation includes at a minimum:

- SSU Sheet
- Disability Cover sheet*
- Disability Application*
- Medical License Verification*
- Credit Bureau Report*

*for each individual borrower

Additional documentation may include:

- Medical or 1845 clarification documentation
- ED Original Documents Verification/Explanation Form
- Veteran's Administration Medical Letter

Once the required documents have been assembled the agency will:

➤ **Update the DMCS**

- (b)(7)(E)

- The following information must be notated

(b)(7)(E)

- **Borrower Date of Birth**

- The borrower's date of birth is necessary for the Conditional Disability Discharge unit to load the borrower's account to their system. If the borrower's date of birth is not present on the DMCS, PCAs must obtain the borrower's date of birth for any disability packages that they submit.
- Requests to have the date of birth entered on our system should be sent to Atlanta via IMF (See Chapter 5).
- Documentation to enter a DOB includes:
 - valid state driver's license or other state-issued identification that
 - shows date of birth
 - birth certificate
 - passport (if date of birth is shown)
 - military orders or documents that list the borrower's date of birth

- **Collector Number**

- (b)(7)(E)

➤ **Submission Package**

- Organize all required documentation by individual borrower and place in order according to the accounts listed on the SSU sheet
- All documents corresponding to a particular borrower must be bound securely (stapled, etc.)
- The entire package must also be bound securely

➤ **Mailing**

- All disability packages must be sent to the Atlanta Regional Office (see Chapter 20 for address information)

○ (b)(7)(E)

D. ED Review Process

Once the Atlanta Regional Office receives the PCA disability submission, ED staff will review account submissions for completeness, accuracy, and proper DMCS documentation.

➤ **Accounts Approved:**

- If approved, the monitor will update the ED notepad with:

(b)(7)(E)

- The account will be recalled from the PCA and an administrative fee paid

➤ **Accounts Rejected:**

- If rejected, the monitor will update the ED notepad with:

(b)(7)(E)

- A copy of the SSU form will be faxed back to the PCA with the rejected accounts crossed off
- The original 1845 form and all accompanying documents will be returned to the PCA

E. Veteran Review Process

➤ **Eligibility**

Legislation was enacted in 2008 that allows ED to discharge the student loans of veterans if the Department of Veterans Affairs (VA) has determined the veteran to be unemployable due to a service-connected condition. These provisions became effective August 14, 2008 for the FFEL and Direct Loan programs, and July 1, 2008 for the Perkins Loan Program.

PLEASE NOTE: Veterans that do NOT meet the criteria listed below must complete the normal disability process listed in Subsections A, B, and C of this section.

(b)(7)(E)

➤ **PCA Review and Submission Process:**

- Accounts eligible for discharge under this new standard will be processed separately
- (b)(7)(E)
- PCAs must notate their agency number (AGXXX) at the top of the 1845 in RED
- Accounts Forwarded to the Atlanta Regional Office in a separate envelope to the attention of the “VA Disability Discharge Unit”.

- ED notepad must be documented as follows depending on the VA determination:

(b)(7)(E)

- Eligible applications should be sent to Atlanta on a daily basis

➤ **ED Review Process:**

■ **If approved:**

- Accounts will be recalled from the PCAs
- PCAs paid an administrative fee
- ED notepad updated with:

(b)(7)(E)

■ **If rejected:**

- The monitor will update the ED notepad with:

(b)(7)(E)

- The original 1845 form and all accompanying documents will be returned to the PCA

F. Additional Guidance

■ **Accounts with POVRs (grants)**

- If an account has loan(s) AND a POVR and meets all the requirements for disability, submit through the disability process
- If the borrower only has a POVR(s), do NOT submit

■ **Accounts No Longer with a PCA**

- If a disability application comes in after the account has already been recalled or returned to ED, PCAs will forward the application to the Atlanta Regional Office. (See Chapter 20 for contact information)

G. Disability Letters and Forms

➤ **Disability Cover Sheet**

Your letterhead

Account SSN: _____

The attached 1845, “Discharge Application: Total and Permanent Disability” was received on*:

(PCAs can write the date in, just make sure that it is large, clearly legible and in black ink)

*Date is the initial date application is received by EITHER ED/Vangent or the PCA. The ED/Vangent date would be the date notated on the ED notepad indicating an original 1845 had been received by ED.

THE PHYSICIAN CERTIFIED THE BORROWER’S TOTAL AND PERMANENT DISABILITY ON:

(PCAs can write the date in, just make sure that it is large, clearly legible and in black ink)

➤ **Original Documents Verification/Explanation Form**

Original Documents Verification/Explanation Form

Account # _____

We certify that at the time of processing the enclosed disability discharge request, a component of the U.S. Department of Education had received the original application/doctor certification (1845 form).

- Attached L102 notepad documents original 1845 received by ED

Agency Representative _____ (Signature)
Printed Name of Representative

PCA Name/Agency Code

8. **Appendix (FORMS)**

A. **Single Sheet Update (SSU) Form**

SINGLE SHEET UPDATE (SSU)
 FFEL OPTICAL IMAGING DATABASE
 SLPC, GREENVILLE, TEXAS

ORIGINATION INFO:		
REGIONAL OFFICE: _____ NAME/PHONE #: _____		
USER I.D.: _____	AGENCY #: _____	DATE: _____

Contents of this package separated by Borrower/Debt ID/SSN - all documents included will be imaged and **DESTROYED**

	NAME	DEBT I.D. #	SSN
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Revised 1112008

DO NOT ALTER OR REVISE THIS FORM

B. Transmittal Form**EFT TRANSMITTAL FORM**

File Transmission Date: _____

TO: EFT PROCESSING AREA
 U.S. DEPARTMENT OF EDUCATION
FAX: (903) 454-5398

CREATION DATE:

 TAPE NUMBER OF VOLSER
 SHOULD EQUAL INTERNAL LABEL:

DATA SET NAME: GSL CARRET **AGENCY NO:** _____

TYPE OF RECORDS ON EFT: (Circle type of EFT Submitted)
BAN BNK CAN DEA INC INW INA/UNL CPR/PIF/CER

_ _ _ _ _ _ _ _ _ _

SIGNATURE & DATE OF ED REGIONAL CONTRACT MONITOR:

 EFT APPROVED: _____ EFT REJECTED: _____

OF RECORDS:

STANDARD LABEL:

LRECL:

BLOCK SIZE:

BPI:

RETURN EFT TO:

CONTACT

PERSON:

TELEPHONE

NUMBER:

FAX:

Revised 11-08

DO NOT ALTER OR REVISE THIS FORM

CHAPTER 13: Involuntary Payment Programs (AWG & Litigation)

Unfortunately, borrowers do not always voluntarily repay their Education debt. Aside from Treasury Offset Payments (See Chapter 8) that are ED initiated, there are two involuntary payment programs initiated by PCAs. The two programs are Administrative Wage Garnishment (AWG) and Litigation. Both programs are seen as last resort efforts and should not be taken lightly by PCAs.

Both sections in this Chapter only provide a brief overview and only discuss basic initiation procedures within AWG and Litigation. For more detailed information, please review the specific program training manuals.

References: (b)(7)(E) > > ht	
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1. ADMINISTRATIVE WAGE GARNISHMENT

A. Authority

(b)(7)(E)	
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ED implemented Administrative Wage Garnishment on a pilot basis in 1992-1993 for in-house accounts which was later expanded as a pilot with the PCAs in 1994. Due to the success of these pilots, AWG has become an important part of our collection program.

B. AWG Initiation

AWG should be considered one of the final dispositions for an account; however, accounts should be evaluated for AWG prior to litigation.

The PCAs identify accounts to be moved into the AWG process. If during your contact with the borrower, you determine that the borrower has the ability to but no intention of paying, the borrower may be a candidate for AWG.

C. Minimum Account Requirements

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D. Verification Requirements

Prior to initiating AWG, the PCA must:

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➤ (b)(7)(E)

➤

➤

te

E. DMCS Process

- The PCA will use the (b)(7)(E) the ED-DMCS to move an account into the AWG program.

○ (b)(7)(E)

○

- After entering the information (b)(7)(E) the (b)(7)(E) program will look at the account and, if the account passes all (b)(7)(E) edits, will create the NOTICE OF PROPOSED WAGE GARNISHMENT (T12) with enclosure “REQUEST FOR HEARING” form to be mailed to the borrower

○ Borrower status changed to (b)(7)(E)

(b)(7)(E)

- The system then sets a follow-up date for (b)(7)(E) and if no new status code is input on (b)(7)(E) program will automatically move the account into a

- The Atlanta Regional Office will review the account and approve or reject the validation order.
- If approved, the FINAL NOTICE OF WAGE GARNISHMENT FOR DEBT OWED TO U.S. GOVERNMENT (b)(7)(E) is sent to the borrower and the ORDER FOR WITHHOLDING OF EMPLOYEE WAGES FOR DEBT OWED TO U.S. GOVERNMENT (b)(7)(E) sent to the employer and sets follow-up for (b)(7)(E)
 - If there is no response from the employer, the GDAWG program automatically moves the account to OW2 status code and sends a reminder notice to the employer, (b)(7)(E) and sets follow-up for (b)(7)(E)
 - If there is no payment from the employer, the account moves into status NCE (non-compliant employer). See Section 1, subsection I of this Chapter for more information

F. AWG Voluntary Payments

After the initial Notice of Proposed Garnishment (T12) is mailed, the borrower has (b)(7)(E) from the date of the letter to contact the PCA and set up repayment. (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

G. AWG Hearing Process

All borrowers subjected to AWG, have the opportunity to challenge the AWG order or have the garnishment payments stopped or reduced through a formal AWG hearing process. (b)(7)(E)

If the borrower had a hearing resulting in a voluntary reduced payment plan (b)(7)(E) the PCA is required to follow up at 6 months by requesting a (b)(7)(E) Notice. If the hearing resulted in a 6-month suspension (status HR2), the PCA is required to follow up with a (b)(7)(E) Notice at the end of the 6-month period. These notices (b)(7)(E) must be requested (b)(7)(E)

The Chicago Regional Office (Region 5) handles all AWG Hearing requests. Any questions or concerns about the AWG Hearing process should be directed to the (b)(7)(E)

(b)(7)(E) When calling the main number, please ask to speak to an AWG Hearing Official.

(b)(7)(E)

H. New Debts

An account can have subsequently assigned debts subjected to wage garnishment action. However, the entire wage garnishment notification and hearing process must be repeated for each new debt assigned to the account.

If an account was previously identified as an AWG account and a (b)(7)(E) notice was issued, the system will not automatically send another (b)(7)(E) Notice to the borrower. The new debt letter (b)(7)(E) sent to the borrower that explains that a new debt has been assigned to ED also provides information regarding AWG and the hearing process.

I. Non-Compliant Employers

Employers are not as familiar with an AWG order as compared to a judicial order, and as a result, they frequently ask the same or similar questions. The cooperation from employers has contributed and will continue to contribute to the significant results in this program. ED has created a Website for employers to address their frequently asked questions and developed an employer procedures guide for complying with the order for withholding.

(b)(3):44 USC § 3541,(b)(7)(E)

ED will assist employers in understanding how to comply with procedural aspects of the AWG order, and provide limited guidance on legal matters. As a final compliance effort, the branch also reviews and approves referral of the non-compliant employer to the Department of Justice (DOJ) for compliance enforcement.

(b)(7)(E)

2. LITIGATION

A. Overview

If the PCA is unable to recover funds through available collection tools, debts may be referred for litigation.

The following is an overview of the requirements and restrictions for litigation submissions – more detailed instructions and sample forms are provided in the Litigation Package Manual.

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(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

C. Requirements for Litigation Packages

The following documentation will be prepared by the PCA and submitted in the litigation package forwarded to the San Francisco Litigation Branch:

- One complete litigation file.
- Two copies of Litigation Package Cover Sheet.
- Completed Claims Collection Litigation Report (CCLR).
- Completed Certificate of Indebtedness (COI).
- CBR within 30 days.
- Computer printouts of account collection records within 30 days.

(b)(7)(E)

D. Quality Control of Cases Prior to Submission

Prior to submission of the case by the PCA, the following items (at a minimum) should be reviewed for completeness and accuracy:

- Review Certificates of Indebtedness. All COI(s) must be error free. All dates must reflect data as contained in the printouts provided. COI(s) must be original. Use interest formula to determine daily accrual. Different interest rates and lenders require separate COI(s) and a CCLR page 1.
- Review the CCLR for accuracy.
- Review CBR for open bankruptcy.
- Review cover sheet to determine if DOJ location code is correct.
- Review ED's database to assure payments have not posted within 60 days and the account is not paid in full.

(b)(7)(E)

(b)(7)(E)

Litigations approved by Region 9 will be counted as an administrative resolution in CPCS and PCAs will be paid the appropriate administrative fee per the SOW.

Please Note: San Francisco litigation staff will reject all packages with errors and if packages have the same error more than twice, the entire batch will be returned to the PCA for further quality control. It is very important that PCAs do thorough quality control of ALL cases prior to submission in order not to delay the approval of their cases.

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CHAPTER 14: PAYMENT PROCESSING

Processing borrower payments is one of the most crucial functions within debt collection. The main goal with any debt collection is to hopefully negotiate a successful account resolution and obtain payments from the borrower.

Borrowers are able to make payments in a variety of ways (sometimes with restrictions) in an effort to satisfy debts quickly, timely and efficiently. Borrowers may pay by personal check, cashier's check, credit card, Western Union, or through ED's direct debit program (DDP).

Please note: *Foreign borrowers can send in personal checks from foreign banks* (b)(7)(E)

(b)(7)(E) The checks do NOT have to be in US funds. Though paying in US funds will make the posting process simpler and quicker.

1. NATIONAL PAYMENT CENTER (NPC)

The National Payment Center processes all borrower payments (except Credit Cards) and creates files to post all payments into the DMCS. In most cases all payments received at NPC prior to 10:30am Central Time will be posted the same day. Payment processing is handled by the Treasury Department's contractor, Bank of America.

To aid payment processing efficiency, whenever possible borrowers should include payment coupons with their payments.

A. Payment Address

Borrowers should be directed to make their payment payable to the U.S. Department of Education, note their Social Security number on the face of the instrument, and mail it to:

**U.S. Department of Education
National Payment Center
P.O. Box 105028
Atlanta, GA 30348-5028**

Because payments received at the contractor's street address are processed as exceptions, they strongly discourage the use of overnight mail services.

2. SPECIFIC PAYMENT TYPES

A. Americorp and Department of Defense Loan Reimbursement Loan Program

Upon receipt of an Americorp payment application form, the PCA will forward the document to Vangent for completion. *The agency will not receive commission for these payments.*

B. PCA generated checks and Speedpay

PCAs have the ability to generate checks for the borrower or use Speedpay processes to assist borrowers with making consistent, timely payments.

With the PCA generated checks, the PCA is able to print checks on-site from the borrower checking accounts, bundle groups of checks and mail to NPC for posting. All such checks shall be kept in a locked and secure area with limited access to the staff.

With Speedpay, PCAs are able to transmit borrower checking information through Speedpay. Speedpay is in the process of establishing an ACH process through Pay.gov to process their payments.

The borrower's banking information, whether on paper or electronic format should only be accessible to authorized personal. This information should not be stored in common areas (i.e., on the collector notepad or in an open, unlocked area) The PCA is responsible for all penalties incurred by the borrower due to any errors made by the PCA staff in processing of these payments i.e. duplicate posting of payments, early processing of payments, etc.

With regards to these payments, the following issues should be noted:

- The costs of these services may NOT be passed on to the borrower.

- These payments are personal checks and (b)(7)(E)

- (b)(7)(E)

- (b)(7)(E)

C. Western Union

The purpose of Western Union is to allow borrowers the ability to make payments via Western Union Quick Collect.

To participate in the program, the PCA should:

- Call Client Services @ 1/800/238-5772 to establish their code city identification.
- When the code city identification is established, the PCA should notify the Assistant COR and provide the ID.

When assisting borrowers, the PCA may indicate the following:

- If the borrower wishes to make a payment via Western Union Quick Collect, the PCA can direct the borrower to 1/800/525-6313 or to Western Union's website www.westernunion.com to obtain the most conveniently located Western Union office.
- The PCA should also provide the borrower with their code city ID for payment transmittal.
- PCA should explain that Western Union assesses a fee and the fee cannot be deducted from the borrower's payments.
- It is the borrower's responsibility to research any missing Western Union payment.

Western Union Quick Collect payments post on ED's Payment History Screen, R103, as a PY.

D. Conditionally Endorsed Payments

PCAs should remind borrowers not to write conditional statements on their payment instruments (i.e. account paid in full) because it may cause the payment to be rejected by NPC.

E. Debt Specific Payments

Directed payments are payments received with specific instructions on how to apply the payment.

There may be situations where a borrower wants to pay off a specific debt first. For example, Pell Grant Overpayments cannot be included in Loan Rehabilitations and no debt can be consolidated with a judgment. For these reasons, a borrower may want to pay off a specific debt in order to gain access to other programs.

If a borrower wants to direct a payment, they should indicate this by writing the debt ID number directly on the payment instrument.

Borrowers will occasionally request that their payments be applied in a specific manner, such as "apply only to principal" or "not to be applied to fees or charges." These instructions will be ignored and the payment will be processed as a regular payment as if no special instruction was indicated.

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3. CREDIT CARD PROCESSING

A. Pay.gov Website

PCAs may process credit card payments for ED borrowers through the Pay.gov government wide payment services program. Contractors may not process credit or debit card payments through any other means. Basic requirements include:

- The Pay.gov site accepts Visa, MasterCard, Discover and American Express credit cards, and debit cards displaying the Visa or MasterCard logos.
- Any contractor that processes credit cards/debit cards for accounts shall abide by all credit card securities and requirements as outlined by ED and contained in the Payment Card Industry Data Security Standard (PCI DSS).
 - The Contractor is responsible for the security of any cardholder data it maintains or possesses.
- PCA must process any payments a borrower wishes to make by credit/debit card.
 - At this time, ED does not allow borrowers to enter payments directly to Pay.gov.
 - If the contractor allows borrowers to enter credit/debit card information for *payments to the Contractor's own website*, the Contractor must submit their *procedures to ED's Atlanta Regional Office* for review prior to use.
- Payments may be entered individually, or the Contractor may participate in the Open Collections Interface (OCI), which allows the contractor to submit requests to receive and process collections electronically "on-line."
 - OCI information is basically transmitted to the PCAs upon request due to the fact that each PCA that wishes to obtain the OCI authority has to be processed via Pay.gov and the processing is performed via scheduled appointments.

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(b)(7)(E)

Reference:

- SOW, Section 2.7.1 Credit Cards
- Payment Card Industry (PCI) Data Security Standards
<https://www.pcisecuritystandards.org/>
- Pay.gov site
<https://www.pay.gov/paygov/>

B. Credit Card Processing Team

ED currently has three staff working on Credit card processes.

Thomas Crowley, 404-562-6054 or email Thomas.Crowley@ed.gov;

Phyllis Marks, 404-562-6096 or email Phyllis.Marks@ed.gov;

Ezora Sweet-Grundy, 404-562-6080 or email Ezora.Sweet-Grundy@ed.gov.

C. Registering New Users to Pay.gov

In order to use this system all 'End Users' must be registered via the Pay.gov Information System Security Officer. In accordance with the requirement of registration, the PCA must:



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(b)(7)(E)

D. Password Change or Forgotten Password

(b)(7)(E)

(b)(7)(E)

E. Credit Card Payment Processing Instructions

Inputting Credit Card Transaction - This function is performed by persons registered via Pay.gov Information Security only.

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(b)(7)(E)

F. Recurring Credit Card Payments

The borrower and PCA may agree that recurring payments via credit or debit card are advantageous. ED has identified three accepted options for such recurring payments.

The three accepted options are as follows, and may be used singularly or in combination:



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(b)(7)(E)



(b)(7)(E)

Under all options, agencies must use extreme caution when obtaining and securing borrower credit/debit card information. Agencies must ensure they are in compliance with the PCI Data Security Standards.

G. Chargebacks (Refunds of credit card payments)

Chargebacks are refunds of part or all of a credit card payment. Chargebacks may be initiated by:

- The Contractor (such as when an error has been made),
- By the cardholder through his card issuer, or
- By ED if an account is overpaid.

Chargebacks initiated by the borrower:

- Come through their credit card issuer and are sent directly from Cash Link/Fifth Third Bank to ED,
- Generally processed within three days of posting on the Cash Link Voucher Summary Report.
- These refunds are usually generated as a result of borrower dispute of payment with their respective card issuer (bank to bank disputes).

If the Contractor requests the chargeback:

- The Contractor is responsible for providing the information necessary to process the chargeback
- The chargeback request should be directed to the ED credit card processing team.
 - Chargebacks (refunds) must be in writing on a “Credit Card Charge Back Information Request Form” with a copy of the original processing form and any other Pay.gov generated support documentation available

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(b)(7)(E)

H. Voiding Credit Card Transactions

If the Contractor recognizes that they have made an input error, they can request that the transaction be cancelled, or voided.

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I. Contractor Responsibilities

The Contractor must:

- Ensure all information input on credit card system is correct

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- Inform ED the day of input when borrower is requesting debt level posting of payments.
 - Debt level posting requests must be clearly identified to the National Payment Center (NPC) and certain system requirements have to be in place before the payment can be properly posted at the debt level.
- Record contact information such as the payer's mailing address on the Credit Card Processing Form and the Pay.gov system for all transactions.
 - A telephone number should also be provided on the credit card processing forms for all third party payments.
- Abide by all credit card securities and requirements as outlined by ED and contained in the Payment Card Industry Data Security Standard (PCI DSS)

4. UNIDENTIFIED PAYMENTS

Payments that are unidentified or that cannot be posted to an account will go into suspense and will be listed on the Unidentified Payments Report (Suspense Report).

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The Suspense Report will be posted monthly

(b)(7)(E)

(b)(3):44 USC § 3541,(b)(7)(E)

monthly suspense file is available for download on the first or second Monday of the month. For agencies that have multiple contracts there is only a file for the last contract.

When the PCA is notified by a borrower that a payment has not been posted, the PCA should:

- Direct the borrower to send in a copy of the front and back of the payment instrument.
 - If the missing payment is a money order, advise the borrower to have it traced.
- If the canceled check is unavailable, information such as the check number, date, amount, etc. is required.

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(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

If the PCA notes fees that should be removed from the account, the Contractor should submit an IMF.

C. Administrative Fees Added By ED

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D. Requesting Removal of Fees

(b)(7)(E)

(b)(7)(E)

Reference:

SOW, Section 2.7 Repayments

ED staff (table of ED staff members responsible for reports)

CHAPTER 15: INVOICE PROCESSING

This section will describe how the PCAs will bill ED for services rendered.

1. OVERVIEW

Each month, ED DMCS will produce reports reflecting each PCA's collections by type (consolidation, rehabilitation, and regular) as well as the administrative resolutions and litigations.

(b)(7)(E)

These reports will be delivered to the Atlanta Regional Office for review, and be made available for download by the PCAs..

(b)(7)(E)

- If the voucher is acceptable, the PCA will sign and submit the voucher electronically to ED's Chief Financial Office – Budget Division.
 - Any discrepancies will be reported to Atlanta and Atlanta will prepare a new voucher as appropriate.

Downloading Reports

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(b)(7)(E)

2. On the file of detail data, payments are grouped by type (as on the hard copy reports) and each section begins with a single-line header record (e.g., "regular," "rehabilitation," and "consolidation"). Similarly, the admin and lit sections begin with a single-line header record.
3. Agencies with more than one contract will find all of their reports under their most recent contract file name. Section header records within the file will identify the "AG" number associated with the following records.
4. Any month's data will only be available for about a month. At the beginning of each month, we will overwrite the files with a new month's data.

2. VOUCHER

The invoice voucher (OMB Form # 1034) is the PCA's signed statement billing ED for services rendered. By signing this document, the signer avers that the services for which ED is being billed have been performed in compliance with the contract and with all applicable laws and regulations.

What follows is a facsimile of a voucher, with key items numbered. These items are described in detail below.

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONNEL						VOUCHER NO.																																																								
<small>SA Form 100-1 20-7000-100-1 Department of the Treasury TPRM-2000 10-94-10</small>						Nonresponsive																																																								
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION			DATE VOUCHER PREPARED 07/03/97		PAID BY																																																									
			CONTRACT NUMBER AND DATE																																																											
			PC97123456																																																											
NAME AND ADDRESS PAYEE'S Friendly Collectors 123 Good Customer Service Lane Washington, DC 20202			REQUISITION NUMBER AND DATE																																																											
Contact: John Doe Phone: 202-260-1750					941 09 0027																																																									
SHIPPED FROM		TO		WEIGHT		GOVERNMENT B/L NUMBER																																																								
<table border="1"> <thead> <tr> <th>AND DATE OF ORDER</th> <th>DELIVERY OR SERVICE</th> <th>QUANTITY</th> <th>UNIT PRICE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td rowspan="10">March, 19 5</td> <td>Regular Collections</td> <td></td> <td></td> <td>\$2,500,000.00</td> </tr> <tr> <td>Adjustment</td> <td></td> <td></td> <td>(\$2,500.00)</td> </tr> <tr> <td>Cons/Rehab Collections</td> <td></td> <td></td> <td>\$120,000.00</td> </tr> <tr> <td>Incentive Bonus</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Adjustment</td> <td></td> <td></td> <td>\$119,400.00</td> </tr> <tr> <td>Adjustment</td> <td></td> <td></td> <td>\$11,000,000.00</td> </tr> <tr> <td>Approved Compromises</td> <td></td> <td></td> <td>1/5.0%</td> </tr> <tr> <td>Administrative Resolutions</td> <td></td> <td></td> <td>(\$1,000.00)</td> </tr> <tr> <td>Adjustment</td> <td></td> <td></td> <td>\$4,000.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td>(\$40.00)</td> </tr> <tr> <td></td> <td>Litigation Preparations</td> <td>10</td> <td>\$40.00</td> <td>\$400.00</td> </tr> <tr> <td></td> <td>Adjustment</td> <td>1</td> <td></td> <td>\$400.00</td> </tr> </tbody> </table>							AND DATE OF ORDER	DELIVERY OR SERVICE	QUANTITY	UNIT PRICE	AMOUNT	March, 19 5	Regular Collections			\$2,500,000.00	Adjustment			(\$2,500.00)	Cons/Rehab Collections			\$120,000.00	Incentive Bonus				Adjustment			\$119,400.00	Adjustment			\$11,000,000.00	Approved Compromises			1/5.0%	Administrative Resolutions			(\$1,000.00)	Adjustment			\$4,000.00				(\$40.00)		Litigation Preparations	10	\$40.00	\$400.00		Adjustment	1		\$400.00
AND DATE OF ORDER	DELIVERY OR SERVICE	QUANTITY	UNIT PRICE	AMOUNT																																																										
March, 19 5	Regular Collections			\$2,500,000.00																																																										
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PAYMENT AUTHORITY		APPROVED FOR		TOTAL \$3,280,300.00																																																										
<input type="radio"/> CASH <input type="radio"/> CHECK <input type="radio"/> PARTIAL <input type="radio"/> F.W.L. <input type="radio"/> PROCEEDS <input type="radio"/> ADVANCE		BY TIT CHECK NUMBER		(Payee must NOT use the space below) EXCHANGE RATE DIFFERENTIAL																																																										
ACCOUNTING CLERK TITLE		TITLE		TITLE																																																										
ON ACCOUNT OF U.S. DEPARTMENT OF THE TREASURY		FEDERAL BUREAU OF INVESTIGATION		ON 1994																																																										
1	2	3	4	5	6																																																									
ASST	DATE			PAYEE																																																										

Distribution authorized to the Department of Education and its Private Collection Agency contractors only. Other requests shall be referred to the Federal Student Aid Acquisitions Group.

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3. **DMCS REPORTS**

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A. Collections Detail Report

This report itemizes every payment posted during the month. Individual detail reports will be generated based on the various commission rates in effect, i.e. separate detail reports will be generated for regular payments and for consolidation and rehabilitation payments.

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19971001	8-234-56-7891	19971001	\$200.00	PG	.000002052
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- **Posting Date:** The date the payment is actually posted to the system.
- **Payment Date of Receipt:** In general, this date correlates to the “Effective Date” associated with the transaction on the system R103 screen. Note that E-Systems has three days from payment receipt in which to post the payment.
- **Commission Month:** The month in which the collections posted. This correlates to the “Date of Delivery of Service” on the voucher.
- **Collection Type:** This correlates to the transaction type (b)(7)(E)
- **Check Number:** The payment instrument’s serial number.

B. Collections Summary Report

This report gives the aggregate amounts from the various detail commission reports.

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C. Administrative Resolution Detail Report

This report itemizes every account returned as an administrative resolution, and lists the resolution type: disability (DIS), death (DEA), bankruptcy (BAN), incarceration (INC/INW) or (b)(7)(E)

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D. Administrative Resolution Summary Report

This report summarizes the resolutions, by day and by type, and provides totals for the day and

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- **Day:** The day of the month identified in the report header on which the resolved accounts were returned.
- **Number of Accounts:** The number of accounts returned on that day for that type of resolution.
- **Current Balance:** The total account balance, for the accounts returned on that day for that type of resolution.
- **Fees:** The total fees due, for the accounts returned on that day for that type of resolution.
- **Totals by Resolution Type:** The total number of accounts, total account balances, and total fees for the month for that type of resolution.
- **Grand Totals:** Totals all activity for that day. The column totals in the report footer represent the gross activity for the month.

E. Litigation Preparation Detail Report

This report itemizes each account for which a litigation preparation package has been submitted.

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F. Litigation Preparation Summary Report

This report summarizes the litigation preparations by day and totals it for the month.

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4. VOUCHER PROCESSING**A. When the Voucher is Received**

The voucher will be submitted electronically to the PCA for review after the end of the month, and will be accompanied by an Excel workbook containing any Adjustments Memorandum (if necessary). The ED DMCS commission reports will be available for the PCA to download. Upon receipt, the PCA should:

- Carefully review the voucher and accompanying documentation to ensure that all values are correct, and that any adjustments the PCA requested and ED approved have been reflected.

- Report any discrepancies to Region 4

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- Sign and date the voucher

- Submit the voucher electronically to ED's Chief Financial Office – Budget Division **at**

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The Prompt Payment Act requires that the Government reimburse its vendors within 30 days of the receipt of a valid voucher.

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2. Collection Type: Commission adjustments are also identified by collection type that identifies which contract and what rate to associate with the transaction. Current collection types are as follows:

Collection Type	Meaning
CN1	1997 Contract Rate Consolidation
CN2	2004 Contract Rate Consolidation
CND	2000 Contract Rate Direct Consolidation
CNF	2000 Contract Rate FFEL Consolidation
FO1	2004 Contract Rate TOP Alias Pilot
RG1	1997 Contract Rate Regular Collections
RG2	2000 Contract Rate Regular Collections
RG3	2004 Contract Rate Regular Collections
RH1	1997 Contract Rate Rehab
RH2	2000 Contract Rate Rehab
RHD	2004 Contract Rate Direct Rehab
RHF	2004 Contract Rate FFEL Rehab

5. INVOICE SUBMISSION

(b)(7)(E)

ED will also send detailed

documentation supporting the amounts on the invoice.

A. Sending Invoices

The PCA shall review the invoice and supporting documents and return the invoice via e-mail in order to be paid for products and/or services rendered under this Task Order. (The PCA should only e-mail the primary invoice, NOT the supporting detail, which is already collected and maintained by the COR.)

The parties agree that the e-mail message returning the invoice to ED will constitute as an electronic signature indicating the Contractor's approval of the invoice.

If the Contractor does not agree with any part of the invoice, the Contractor shall immediately notify the Atlanta Regional Office. (b)(7)(E)

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Federal Student Aid's "designated billing office" is:

US Department of Education
 Union Center Plaza
 Federal Student Aid Administration
 830 First Street, N.E. Suite 54B1
 Washington, D.C. 20202-0001
 E-mail: InvoiceAdmin@ed.gov

The PCA shall e-mail the invoice to InvoiceAdmin@ed.gov, with “cc” copies to the Contract Specialist, the COR, and Assistant COR.

B. Proper Invoices

The PCA is responsible for ensuring that the invoice meets the requirements for a “proper” invoice.” (b)(7)(E)

(b)(7)(E) The PCA is responsible for ensuring the accuracy and completeness of the information.

At a minimum the following items must be addressed in order for the invoice to be considered “proper” for payment:

- (1) Name and address of the Contractor.
- (2) Invoice or voucher number. The Invoice or voucher number must be in the format AG###-YEAR-MO, where:
 - i. “AG###” is the agency number (e.g., AG555) that FSA has assigned to the Contractor for this Task Order.
 - ii. “YEAR” is the four-digit year (e.g., “2010” for the invoice covering services provided in September 2010)
 - iii. “MO” is the one or two-digit code for the month covered by the invoice (e.g., “9” for the invoice covering services provided in September).
- (3) Invoice Date.
- (4) The Task Order number must be included on the invoice and be correct.
- (5) Description, quantity, unit of measure, unit price, and extended price of the item delivered must agree with the contract or order.
- (6) Terms of any prompt payment discount offered.
- (7) Name, title, and phone number of persons to be notified in event of defective invoice.
- (8) The period of time covered by the invoice.

Reference: RFQ, Section B.7

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8. **REQUESTING ADJUSTMENTS**

Attentive PCAs will occasionally detect posting problems or other instances in which they feel entitled to a commission that was not paid. Such situations should be promptly reported to the Atlanta Regional Office.

The PCA must submit an IMF to Atlanta requesting commission for any payment or administrative resolution or litigation fees not listed on the monthly commission report.

For adjustments involving payments, the IMF must include:

- The borrower's name
- Account number
- Payment effective date
- Payment amount
- Reason the PCA believes they are owed commission for the payment in question

For adjustments involving administrative or litigation fees, the IMF must include:

- The borrower's name
- Account number
- Reason PCA believes they are owed an administrative resolution or litigation fee

The PCA must attach any supporting documentation.

No manual adjustments will be made for items that will appear on next month's reports. The monitor will respond to the IMF informing the PCA of the decision and the status of the commission adjustment requests.

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A. **Current Contract**

CHAPTER 16: TRAINING

Training is a crucial part of any business process, especially debt collection. Aside from specific company training endeavors to improve workforce outcomes and retain highly productive staff, the Education Collections Contract has specific requirements and guidance around PCA training.

Reference: SOW 2.2; 5.1; 5.2; 6.2.6

1. MANUALS

The PCA is required to develop a comprehensive Collection Training Manual. The manual should outline such items as:

- Training procedures
 - Main office, satellite offices, subcontractors
- Any specific time frames
- Training approaches
- Targeted staff
- Training topics
 - Both ED and PCA
- Record maintenance
- Any special processes related to specific training

Though the above list is not all inclusive, the PCA Manual should provide enough information and detail so that an outside party will have a clear understanding of the PCA's training protocol.

In addition to a Training Manual, PCAs are also required to develop a Standard Operating Procedures Manual and a Quality Control Plan that should support and compliment training initiatives.

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2. ED TRAINING

ED will provide training on appropriate ED Procedures to the Contractor's Training Staff. Specific training will be provided at contract start-up to assist PCAs and their staff in gaining a

clear understanding of specific ED requirements, guidelines and regulations surrounding the Education Collections Contract. Training will focus on key elements such as security, DMCS access, payment programs, complaints, AWG, administrative resolutions, etc.

Though initial training will be comprehensive and encompass all key areas of the contract, ED will continue to provide training opportunities throughout the entire contract period. ED often hosts PCA meetings several times a year during which ED staff often provide update, refresher or new topical training.

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3. PCA TRAINING

A. ED Information

The PCA is required to train all ED contractor employees and conduct regular training sessions for its employees and any subcontractor employees to ensure adherence to applicable laws, regulations and ED policies. Any ED training or key information shared during meetings, conferences, etc. must be shared with all appropriate PCA staff. The PCA shall conduct additional training to inform its employees and any subcontractor employees of all changes in operational procedures, laws or regulations as they are modified or updated.

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B. Industry Training

The PCA must also provide State and locality debt collection-related training to the employees, including the successful completion by Contractor and subcontractor employees of any State-mandated exams.

C. Privacy Act Training

Each employee and subcontractor employee assigned to THIS 2009 Task Order must receive training relevant to the Privacy Act of 1974, and shall certify, in writing, that they have received this training before they begin any collection activity on ED accounts. Please note: ALL employees must receive training and provide signed certifications regardless of whether or not they have provided certifications on past Education contracts. A sample certification form can be found in Section 6 of this Chapter.

Signed certifications must be forwarded to the Atlanta Regional Office within

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after completion of training.

Attention: Privacy Act Certification Team

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Each employee must re-take the Privacy Act Training on an **annual basis to be completed each year by July 15**. All Privacy Act training must be documented and recorded in the Security Awareness and Privacy Act Training Report (Chapter 17).

D. Security Awareness Training

Each employee and subcontractor employee assigned to (b)(7)(E) Task Order must receive training relevant to Security Awareness, and shall certify, in writing, that they have received this training before they begin any collection activity on ED accounts. Please note: ALL employees must receive training and provide signed certifications regardless of whether or not they have provided certifications on past Education contracts. A sample certification form can be found in Section 6 of this Chapter.

Signed certifications must be forwarded to the Atlanta Regional Office within five (5) calendar days after completion of training.

Security training shall incorporate physical, data, personnel, document and equipment security, along with specific information regarding proper incident response and handling procedures. PCAs shall follow the Department's training policy, IT Security Awareness and Training Guide, and modify training in accordance with any updates, policies, or initiatives as directed by ED. Security Awareness training must also **provide and document incident response and handling procedures**.

All new hires will complete security training within (b)(7)(E) of ED contract employment. All employees must receive annual refresher security training by July 15 of the following year (or any other date as specified by ED) for as long as the employees are on the ED contract. All security awareness training must be documented and recorded in the Security Awareness and Privacy Act Training Report (Chapter 17).

4. TRAINING DOCUMENTATION

The PCA shall measure the effectiveness of the training by administering post-training tests. The COR/Assistant COR may review the results to ascertain the need for additional training/testing.

A certification form for ALL training provided in support of this task order must be signed by each PCA and subcontractor employee and maintained on file by the PCA.

Along with certifications, the PCA must record (electronic spreadsheets, tracking forms, etc.) all training provided to PCA employees or subcontractors by individual names, training topics, and dates of training. The PCA shall make certifications and all training records available for ED review at the request of the CO, COR, assistant COR or ED Monitors.

Specific training information (updates, dates of training, training topics) is mandated within certain monthly PCA reports, including the PCAs' Management and Fiscal Report and the Security Awareness Training Report. (See Chapter 17 for more information)

5. TECHNICAL ASSISTANCE/TRAINING VISITS

The PCA may request site visits for technical assistance and/or training. The PCA will be responsible for travel costs incurred for requested technical assistance and/or training site visits. Proposed costs must be consistent with the most current Government per diem rates for lodging and meals.

On-site technical assistance visits are very rare due to workload and time constraints.

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(b)(7)(E) In addition, PCA staff may travel to ED Office locations for one-on-one or small group training initiated by the PCA or ED.

6. TRAINING CERTIFICATION FORMS

A. Privacy Act



Certification of Privacy Act Training **U.S. Department of Education – 2009 Collections Contract**

I **certify** that I have completed training relevant to the Privacy Act of 1974 (5 U.S.C. 522a) and its application to collection activity.

I **understand** the conditions of authorized disclosure as described in subsection 3(b)3 of the Privacy Act and have **read and understand** the pertinent parts of the Act and the OMB Privacy Act Guidelines, including subsection 3(a), Definitions; 3(b), Conditions of Disclosure; and 3(i), Criminal penalties.

I have also **read and understand** the pertinent parts of ED's Privacy Act Regulation, including Section 5b.1, Definitions; 5b.9, Disclosure of Records; and Appendix A, Employee Standards of Conduct.

I **understand** that I cannot begin any collection activity on ED accounts until I have completed the training and must complete annual Security Awareness training by July 15 of each subsequent year.

I **will consult** with a supervisor or, when appropriate, an ED Monitor, if in doubt on a specific disclosure question. If others ask me to make an unauthorized disclosure, I **will decline** and report the incident to my Supervisor or Project Manager immediately.

Employee (TYPE name)

Social Security Number (TYPE)

Signature of Employee

Date Training Completed

Supervisor's Name (TYPE name)

Date Certification sent to ED

Signature of Supervisor

Agency Name/Agency #

Date Received by Education: _____

Rev. 5/09

B. Security Awareness

Certification of Security Awareness Training
U.S. Department of Education – 2009 Collections Contract

I **certify** that I have completed Security Awareness training as required by the U.S. Department of Education (ED's Information Assurance Security Policy, OCIO-01; SOW 2.2, 6.2.6)

I **certify** that the Security Awareness training discussed and incorporated security protocols related to physical, system, personnel, equipment and data (electronic and hardcopy) elements. The training also specifically addressed incident response and handling procedures.

I have been **informed and understand** security violations must be reported to the Department of Education within 1 hour of identification.

I **understand** that I am required to take Security Awareness training within 10 business days of ED contract employment and cannot begin any collection activity on ED accounts until I have completed the training.

I also **understand** that I must complete annual Security Awareness training by July 15 of each subsequent year.

I **will consult** with a supervisor or, when appropriate, an ED Monitor, if in doubt on a specific security issue. If others ask me to violate security protocols, I **will decline** and report the incident to my Supervisor or Project Manager immediately.

Employee (TYPE name)

Social Security Number (TYPE)

Signature of Employee

Date Training Completed

Supervisor's Name (TYPE name)

Date Certification sent to ED

Signature of Supervisor

Agency Name/Agency #

Date Received by Education: _____

Rev. 5/09

CHAPTER 17: PCA MONTHLY REPORTS

PCAs are required to provide periodic reports outlining a variety of information necessary in portfolio maintenance, oversight and compliance, and internal reporting.

1. GENERAL REQUIREMENTS

Current reports include:

- Quality Control Report;
- Management and Fiscal Reports;
- Project Staff Report
- Correspondence Report
- (b)(7)(E)
- Security Awareness Training Report

The PCA shall prepare and furnish one “electronic” copy of the required reports to the COR, Assistant COR and appropriate ED Monitor in the Atlanta Regional Office. All reports are due by the fifteenth (15th) day of the following month (by next business day if the 15th falls on a weekend/holiday).

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Reports are based in Excel and must contain all required data in the exact order and format requested by ED.

Please Note: ED reserves the right to modify or adjust all required reports, add additional reports and/or alter time frames as necessary. PCAs shall provide adhoc reports as requested by ED.

Reference:

- SOW 5.2

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2. QUALITY CONTROL REPORT

Each PCA will have established Quality Control measures to review contractual requirements. For each electronic Quality Control Report, the PCA shall incorporate Quality Control categories

that include the size of the sample, the numbers and types of problems found, and all corrective actions taken.

Quality Control Categories must include:

- Monitoring of collector/customer service calls
- Correspondence for proper handling/response
- Administrative Wage Garnishment (AWG)
(b)(7)(E)
- Account balances on PCA's computer system vs. ED-System
- Administrative Resolutions (both submissions to ED for review and approval and electronic file transfer data to the ED computer Contractor)
- Loan Consolidation Verification Certifications (LVC)
- All Electronic File Transfer information prior to mailing/transmission (Account Updates (name, address, phone numbers, employment), Letter History Updates, Billing, Account Return, etc.)
- Training: Date of Training, Topic, Attendees, and Results of Test Given. This data should be available during agency reviews. Specific training includes:
 - Privacy Act (including Privacy Act Statement completed and mailed to ED)
 - FDCPA (including fact that employees took test and passed)
- ED Policies, Procedures and new initiatives (including fact that employees took test and passed.)

3. MANAGEMENT AND FISCAL REPORT

The Management and Fiscal report is designed to monitor Task Order performance. This report must be considered a part of the PCA's measuring system for its quality control plan.

At a minimum, this report must contain the following items:

- Information on dollars collected (current month and year-to-date).
- Number of "accelerated" rehabs processed each month, along with a break down of the number of days between the first and last payments for accounts in specific numerical groupings as defined by ED.
- Monthly rehabilitation queue totals (number of accounts and P&I total of accounts where the borrower has completed at least the first 5 payments towards rehabilitation to include an overall total, as well as, Direct and non-Direct totals)
- Information (including corrective actions) on any problems incurred by the PCA during the month and a status update on any outstanding problems from previous months.
- The number of complaints received each month;

- For each complaint, the PCA must provide: a brief summary of the complaint issues, whether the complaint was determined to be valid or invalid, the date received and the name of the collector involved.
- Discuss the work performed over the month just completed
 - Including manpower requirements, administrative resolution, litigation, collections, AWG, etc. and report on projected activity for upcoming month(s).
- A schedule of all update training conducted during the month and a brief synopsis of the subject matter covered in each training session.
- Pertinent information that needs to be brought to the attention of the Contracting Officer
 - Example - late EFTs, information regarding outstanding issues awaiting an ED response, etc.

4. PROJECT STAFF ROSTER REPORT

An electronic project staff roster must detail:

- All individuals employed,
- ED contract hire date
- Security level status requested
- E-Quip (security clearance website) release date
- Individuals no longer employed, including separation date.
- Employee SSNs when requested by ED (ED may require SSNs to be submitted in a separate format and at different intervals)

5. CORRESPONDENCE REPORT

An electronic Correspondence Report must contain the following:

- A list of all correspondence received for a given month broken down by:
 - The borrower's account number,
 - Type of correspondence by code (financial statement, general inquiries, powers of attorney, returned disability applications, etc.), and
 - An optional comments section.
- Current correspondence categories and codes to be utilized include:
 1. AWG - All correspondence pertaining to the AWG process (hearings, pay stubs for VPY, fin statements, etc.)

2. AR - Admin resolution documentation (BNK/DIS/INCAR/DEA - applications, letters, certificates, etc.)
3. CPL - Complaints
4. ER - Employer verification documentation
5. CD - Cease and desist/do not contact
6. MP - Misdirected payments
7. DV - Dispute/Verification (validity request/pnote request/payment history/incorrect balance/wrong party); also include cancellations - closed school, ATB, false certifications, etc.
8. DP - Disclosure permission (POA, auth to speak to third parties/attorney, etc.)
9. PC - Program Correspondence (all docs associated with rehab/consolidation process - agreement letters/LVCs/financial documents, etc.)
10. AC - All Attorney correspondence
11. RPY - All correspondence related to non-program/AWG repayments - financial docs, W-2s, compromises, repay requests, etc.
12. TOP - TOP related inquires/issues
13. TPR - Third party requests, inquires from outside agencies
14. BL - Borrower letters (NOT listed in other categories - requests for info, questions, Title IV letters, SIF, BIF, refusal to pay, etc.)
15. MIS - Miscellaneous (any correspondence not falling in categories listed above)

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7. SECURITY AWARENESS AND PRIVACY ACT TRAINING REPORT

An electronic Security Awareness and Privacy Act Training Report must contain the following:

- Employee name

- Email address,
- Company name
- Job title
- Training course identification
- Date of last security awareness and privacy act training

CHAPTER 18: INFORMATION SECURITY

The purpose of this Chapter is to provide an overview of the Department's security procedures. These procedures basically cover the information security controls and policies that we are required to comply with, as we must ensure adequate protection of our Information Technology resources. Also, these procedures serve as a way to ensure that all PCAs know their security responsibilities and know what actions they may have to take to meet the Department's security requirements.

Additionally, PCAs must meet and maintain all FISMA requirements in order to maintain certification and accreditation (C & A) to access and work with ED systems. Please see Chapter 19 and the SOW 6.2 for more information.

Section 3 also lists additional documents (as listed in the SOW) that provide the detail, structure and support necessary to ensure that PCAs adhere to proper security protocols.

1. BASIC SECURITY REQUIREMENTS

The security requirements listed below are items, which ED is required to do. The PCAs may be expected to do/comply with the following:

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Reference: SOW 6.2.4 Physical Security

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(b)(7)(E)

Reference:

- SOW 6.2.8.1 Identification and Authentication
- SOW 6.2.8.2 Access Control
- SOW 6.2.8.3 Auditing
- SOW 6.2.8.4 Flaw Remediation
- SOW 4.4; 6.2.8.5 Closeout/Disposal

3. **REFERENCES**

ED computer systems must adhere to the Federal security requirements detailed in the publications listed below. The following laws, regulations or policies establish minimum requirements for system security:

A. Federal Laws and Regulations

- FIPS 46-3 DES
- FIPS 46-3 Triple DES
- FIPS 140-2 Security Requirements for Cryptographic Modules
- FIPS 185 Escrowed Encryption Standard
- FIPS 186-2, Digital Signature Standard (DSS)
- FIPS 197 AES
- FIPS 199 Standards for Security Categorization of Federal Information and Information Systems
- Electronic Communications Privacy Act of 1986, Public Law 99-08, 100 Stat. 1848
- E-Government Act of 2002
- Freedom of Information Act, 5 United States Code 552, Public Law 93-502
- Privacy Act of 1974, 5 United States Code 552a, Public Law 99-08
- Federal Information Security Management Act (FISMA)
- OMB Circulars A-130 Appendix III
- HSPD #7 Critical Infrastructure Protection

B. NIST Special Publications

- NIST 800-12 (An Introduction to Computer Security: The NIST Handbook)

- NIST 800-14 (Generally Accepted Principles and Practices for Securing Information Technology Systems)
- NIST 800-16 (Information Technology Security Training Requirements: A Role and Performance-Based Model)
- NIST 800-18 (Guide for Developing Security Plans for Information Technology Systems)
- NIST SP 800-21 (Guideline for Implementing Cryptography in the Federal Government)
- NIST 800-26 (Security Self-Assessment Guide for Information Technology Systems)
- NIST 800-30 (Risk Management Guide)
- NIST 800-34 (Contingency Planning)
- NIST 800-37 (Guidelines for the Security Certification and Accreditation of Federal Information Technology Systems)
- NIST 800-47 (Security Guide for Interconnecting Information Technology Systems)
- NIST 800-53 and 800-53A (Recommended Security Controls for Federal Systems)
- NIST 800-60 (Guide for Mapping Information Systems)
- NIST 800-61 (Computer Security Incident Handling Guide)

C. Departmental of Education Policies and Procedures

- U.S. Department of Education Information Technology Security Policy
- U.S. Department of Education Information Assurance Security Policy
- U.S. Department of Education, Information Technology Security Manual, Handbook Number 6
- Federal Student Aid Immediate Action Memorandum: Sensitive Data Protection on Portable Devices
- U.S. Department of Education, Personnel Security-Suitability Program, Handbook Number 11
- U.S. Department of Education, Incident Handling Guide
- U.S. Department of Education Risk Assessment Procedures
- U.S. Department of Education IT Security Configuration Management Procedures Handbook
- U.S. Department of Education Contingency Planning Procedures
- Payment Card Industry Data Security Standard (PCI DSS)

Reference: SOW 6.2.1 Rules and Regulations
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CHAPTER 19: PRIVATE COLLECTION AGENCY COMPLIANCE (INSPECTIONS)

The Department of Education has the ultimate responsibility to ensure that the Department of Education's private collection agencies (PCAs) adhere to and follow all applicable laws, contractual requirements, and ED policies and procedures as provided within the collection contract, ED policy manuals/notices, regulations and training materials. Due to the large number of borrowers, the immense dollar value of the ED default portfolio, the sizable agency payments, and the great importance to sustain existing federal student loan programs, PCA oversight and compliance is a crucial necessity needed to maintain Congressional and taxpayer confidences.

With many different agencies (both small and large), diverse work functions, and multiple ED offices, proper oversight is achieved through a myriad of approaches. Through normal day-to-day interaction, various ED offices become aware of PCA issues that may be handled directly with the office in question, or may get routed to the PCA compliance office and/or COR's office for resolution. Some of the most obvious compliance opportunities include, but are not limited to: agency reviews, remote call monitoring, and independent audits.

1. AGENCY REVIEWS

ED will periodically conduct agency reviews to monitor, assess and correct (if necessary) agency compliance with regards to contractual, regulatory and procedural requirements.

Some common agency review elements include:

- Type
 - off-site or on-site
- Notification
 - Announced or unannounced
- Location
 - Main office, satellite office, subcontractor
- Review items
 - Most reviews incorporate several topical areas
 - Some areas are follow-up items from previous reviews
- Review reports/formats
- Corrective actions/responses

In addition to regularly scheduled reviews, some agencies may receive ad hoc reviews due to potential concerns discovered by or brought to ED's attention. Agencies are expected to work diligently and cooperatively with ED during all reviews to address, and ultimately correct, any findings or deficiencies.

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References:
RFQ, E.1 Inspections;
SOW 2.3 Quality Control

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3.**FISMA CERTIFICATIONS**

A. Authority to Operate

All PCAs must have an Authority to Operate (ATO) from the FSA CIO Office by 9/30/09 to work on the 2009 ED Collections contract. In order to receive this designation, PCAs must have:

- Completed a Privacy Impact Assessment (PIA)
- System Security Plan Approval
 - Completed a Security Authorization Boundary Document

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- Developed a System Security Plan (SSP)
- Independent Audit of the SSP
- SSP updates thru audit findings
- SSP submission to ED
- ED SSP approval

- Security Assessment Plan Approval

○ (b)(3);44 USC § 3541,(b)(7)(E)

○
○

- Security Authorization Package Approval

(b)(3);44 USC § 3541,(b)(7)(E)

B. Certified and Accredited

PCAs must be Certified and Accredited (C & A) by FSA's CIO Office for continued

(b)(3);44 USC § 3541,(b)(7)(E)

- Reference: SOW 6.2.1; NIST Pub 800-47 (interconnection agreements); NIST 800-53A (Security Controls for Federal Systems); Federal Information Security Management Act (FISMA); FSA CIO FISMA

4. CHECKS & BALANCES

All agencies should be aware that all processing, communication and interactions with the PCAs are subject to review and analysis. All work products, reports and documentation/data provided by or based upon PCA work may be scrutinized by ED for compliance purposes within all ED offices. Review items, follow-up reviews and/or ad hoc reviews are never stagnant and will constantly shift depending upon potential concerns, risk assessments and/or compliance schedules.

Above all, agencies should be conducting their own monitoring and quality control reviews to improve and prevent problems from arising. As always, any concerns discovered by an agency should be noted in the appropriate monthly reports and promptly provided to the appropriate ED official. For monthly report information, please see Chapter 17.

CHAPTER 20: CONTACT & RESOURCE INFORMATION

The following information is provided to assist agencies in identifying where or to whom to direct questions pertaining to a variety of issues under the ED collection contract.

***Please note: if unsure whom to speak with or where to go for help, PCAs are encouraged to contact their main Point-of-Contact in the Atlanta Regional Office for assistance.**

1.

PCA WEBSITE



Nonresponsive

The PCA website is the primary resource for information related to ED's contract. The website contains a myriad of pertinent data including:

- Current & Past Performance Statistics
- Contract Administrator Notices (policy guidance)
- On Line IMFs to Vangent
- Manuals, training materials, worksheets/forms
- Statement of Work and RFQ

Website Address: <http://www.fsacollections.ed.gov/contractors>

2.

REGIONAL OFFICES

Atlanta Regional Office (Region 4)
U.S. Department of Education
Federal Student Aid
61 Forsyth Street, SW, Room 19T89
Atlanta, GA 30303
Phone – 404-562-6012
Fax – 404-562-6059

Functions include:

- Main Contact for PCAs
- Technical Assistance
- Voucher Preparation
- PCA Letters & Forms approval
- On Site & Off Site Reviews
- Administrative Resolutions approval
- Borrower Account maintenance (IMFs)

- Administrative Wage Garnishment validation and compliance

Chicago Regional Office (Region 5)

U.S. Department of Education
Federal Student Aid
500 W. Madison Street, Suite 1520
Chicago, Ill 60661
Phone – 312-730-1477
Fax – 312-730-1457



Nonresponsive

Functions include:

- Treasury Offset Program Hearings
- Administrative Wage Garnishment Hearings
- Escalated Issues

San Francisco Regional Office (Region 9)

U.S. Department of Education
Federal Student Aid
50 Beale Street, Room 8601
San Francisco, CA 94105
Phone – 415-486-5633
Fax – 415-486-5669

Functions include:

- Litigation review
- U.S. Attorneys Liaison
- Closed School Requests
- Ability to Benefit Requests
- Unauthorized Signature Requests
- Oversee ECMC Bankruptcy issues

3. WASHINGTON D.C.

U.S. Department of Education
Federal Student Aid
830 First Street, NE
Washington, DC 20202

Contracting Officer for Unrestricted Pool – John Ramsey (john.ramsey@ed.gov)

Contracting Officer for Small Business Pool – Christina Douglas
(christina.douglas@ed.gov) Contracting Officer's Representative (COR) – David Bush
(david.bush@ed.gov)
and Lawannah Howell (Lawannah.Howell@ed.gov)
Security Officer – Greg Plenty (Gregory.Plenty@ed.gov)

4. CUSTOMER SERVICE HELP DESKS

(b)(3):44 USC § 3541,(b)(7)(E)

onresponsive

Customer Call Center for Borrowers (Vangent): 1-800-621-3115

- Handle in-house accounts
- Assist with dispute resolution

The customer call center number is for borrower use only and must not be

5. PAYMENT AND CORRESPONDENCE ADDI

- Regular Borrower Payments:

National Payment Center
U.S. Department of Education
P.O. Box 105028
Atlanta, GA 30348-5028

- Address for borrowers to send payments by Overnight Services:

Bank of America
C/O Dept. of ED-105028
1075 Loop Road
Atlanta, GA 30337

- Wage Garnishment Payments - Garnishment Payments from Employers:

National Payment Center
U.S. Department of Education
P.O. Box 105081
Atlanta, GA 30348-5081

➤ Documents for Panagon System that Require Response from Vangent:

CSB – Panagon System
U.S. Department of Education
6201 Interstate 30 Highway
Greenville, TX 75402

***Should Not Contain Payments

➤ Documents that ONLY need to be imaged into the borrower's file

CSB – SSU
U.S. Department of Education
6201 Interstate 30 Highway
Greenville, TX 75402

(b)(7)(E)

- SSU sheet must also be included

****PCAs should designate limited number of staff, (key personnel, managers) to communicate with Department of Education staff.**

CHAPTER 21: AD HOC FILES FOR PCAs

(b)(7)(E)

In an effort to streamline the handling of AWG hardship and VPY accounts, we are implementing a new system to monitor these accounts. Please implement the following procedural changes immediately:

1) Hardships will require review and renewal every six months unless there is documented evidence that the borrower's hardship will last longer than six months. For example, if the borrower provides evidence that a child support order that is creating hardship will remain in force for 12 months, the hardship status will expire at the time the support order expires (12 months). However, in no instance will an account be allowed to remain in a hardship status for more than 2 years without review and renewal. The ED

hearings official (not the PCA) will indicate the hardship expiration date as follows on

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2) Voluntary payment (b)(7)(E) agreements will require review and renewal every 12 months unless the account is projected to be paid in full less than 12 months from the scheduled review date. (b)(7)(E)

(b)(7)(E)

3) At the point a hardship or (b)(7)(E) review is needed, the new system will automatically generate a (b)(7)(E) letter to the borrower, unless either of the following is true:

(b)(7)(E)

In either instance where a (b)(7)(E) is not sent, the account will be written to a TSO worklist (see #5 below) so the PCA can take appropriate action.

4) If/when the borrower responds to the (b)(7)(E) by providing current financial information, the PCA should review the financial information and take appropriate action. If the PCA determines that the current hardship or (b)(7)(E) status is still valid, the PCA must annotate the (b)(7)(E) as follows:

(b)(7)(E)

5) If (b)(7)(E) days after the (b)(7)(E) issuance, the PCA has not confirmed that the status is valid (and has not changed the status), the account will be written to a TSO worklist so the PCA can take appropriate action. (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(7)(E)

COMMENTS

Any comments, corrections, suggestions should be sent to:

Lawannah Howell
lawannah.howell@ed.gov
404-562-6004

U.S. Department of Education
61 Forsyth St., SW
Room 19T89
Atlanta, GA 30303

