

PCA Procedures Manual

for Private Collection Agencies contracted by Federal Student Aid

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Federal Student Aid, U.S. Department of Education

Description: This document describes the procedures and policies for private collection agencies (PCAs) to collect federal defaulted student loans and grants overpayments under the U.S. Department of Education's (ED) Federal Student Aid (FSA) collections contract. These procedures and policies are outlined in the Request for Quote and Statement of Work for PCAs and are further detailed here, in the Procedures Manual. Any questions regarding the procedures and policies described here should be directed to the FSA Contract Office Representative (COR) and Contract Officer (CO).

The Procedures Manual does NOT:

- 1. provide comprehensive guidance of all regulatory and contractual requirements for PCAs; or*
- 2. relieve PCAs and affiliated contractors of their obligation to comply with all of the statutory and regulatory provisions governing the statement of work; or*
- 3. 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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1.0 ACCOUNT RESOLUTION

EXPECTATION: PCAs will accurately counsel borrowers and determine the best course of action based on each customer's unique situation ensuring:

- compliance
- customer service
- account resolution

PCAs must determine and document appropriate actions for account resolution, i.e. repayment of a defaulted federal student loan debt, and provide the documented strategy to FSA upon request.

The account resolution strategy must include:

1. listening to the borrower's description of his/her unique situation; and
2. determining the most appropriate repayment option based on the borrower's ability to repay, willingness to repay, and account information.

In determining the best solution, the PCA must balance what is in the best interest of the borrower against what is most fiscally responsible to the federal taxpayer. The PCA's should choose from the following account resolutions:

- balance in full
- loan rehabilitation
- loan consolidation
- loan compromise (a.k.a., settlement)
- standard repayment plan
- evaluation for administrative wage garnishment
- evaluation for referral for litigation
- evaluation for administrative discharges (school-based discharges)
- evaluation for other administrative resolutions (e.g. total and permanent disability discharge)

2.0 REHABILITATION

Rehabilitation is an FSA repayment program where an eligible borrower can enter into an agreement to get their defaulted loan(s) into good standing by providing required documentation and making a specified number of on-time qualifying payments.

2.1 ELIGIBILITY

This section goes over what makes a borrower and a borrower’s loan(s) eligible for rehabilitation. This section also identifies how to resolve conditions that disqualify the borrower for rehabilitation.

2.1.1 Loan eligibility

Only loans are eligible for rehabilitation. Grant overpayment debts are not eligible.

1. Identify loan type:

Loan Type
Direct Loans, including those that were originally TEACH grants
FFELs and FISLs
Campus-based loans (Perkins, National Direct and National Defense)

2. Identify any disqualifying loan conditions:

Loan condition	Where on DMCS
<i>Previously rehabilitated loans</i>	
FFEL, FISL, and Direct Loans previously rehabilitated on or after August 14, 2008 Or previously rehabilitated Campus-based (e.g., Perkins) loans	dNoRehab tag and/or a value of “Y” in the “Rehab Indicator” field on the DebtInfo UDP
<i>Judgments or fraudulent FAFSA data</i>	
FFEL, FISL, Direct Loans and Campus-based with judgments <i>Disregard “judgment expiration date” on DMCS; judgments do not expire.</i>	Litigation or judgment information in UDP
Inaccurate or fraudulent FAFSA data used	“I” or “F” in the “Ineligible Borrower Indicator” field on the DebtInfo UDP
<i>Previously resolved loans, with outstanding balance</i>	
Loans that have already been resolved (rehabilitated, consolidated, discharged, etc.) but that have a balance caused by a TOP reversal, bounced payment, or adjustment	Transaction screen review

2.1.2 Borrower eligibility

A borrower cannot enter rehabilitation if any of the following conditions apply. The PCA must resolve the condition before the borrower can be considered eligible for rehabilitation:

Condition	To resolve:
Borrower's first or last name is incorrect on DMCS due to change, misspelled, etc...	Obtain at least one form of legal identification (copy of driver's license, passport, marriage or birth certificate, or court documents of name change) showing the borrower's name and another identifying matching item (dob, address, SSN), submit this to FSA via eIMF. If the documentation does not have another identifying matching item, a second form of legal identification would be required.
Pseudo or incorrect SSN	Obtain at least two forms of legal identification (driver's license, passport, social security card, or federal ID) showing the borrower's SSN, and submit this to FSA via eIMF.
Date of birth is missing, is identified as incorrect, or is one of the following known "plug" values: 12/31/1899; 1/1/1900 or 1/1/1910	Obtain at least one form of legal identification (driver's license, state-issued identification, birth certificate) showing the borrower's birth date, and submit this to FSA via eIMF.
Borrower's address is undeliverable	Verify a new address or borrower confirms address of return mail; update indicator on DMCS to valid, and letter goes out.
Compromise agreement is still pending	If compromise is not completed, check for and remove any tags showing the account is still an active compromise.
For FFELs and FISLs, the borrower does not have at least three complete and unique references on file	If there are already completed references on DMCS you do not need three new ones and they do not have to be received in writing. References must include a name, phone number and address. The employer can be used as a reference.
The borrower is in bankruptcy and not eligible to rehabilitate except at FSA's discretion	If the borrower is already making payments towards rehabilitation, he/she can continue to do so voluntarily, but notify the borrower that the PCA will not pursue collections and the loan cannot be rehabilitated until the bankruptcy is complete, even if all the required payments are made and the RAL is returned. FSA's bankruptcy unit will handle on a case-by-case basis as outlined in 17.0 – ACCOUNT RETURNS, ADMINISTRATIVE RESOLUTIONS, AND BANKRUPTCY; borrowers in bankruptcy will be recalled from the PCA.
The borrower is pursuing discharge due to total and permanent disability.	Either wait until disability review is complete or the borrower has to rescind the request for disability discharge and annotate DMCS Historical Events.
There is an active dispute on the loan(s)	Either wait for the dispute to be reviewed and resolved or the borrower has to rescind the dispute in writing.

2.1.3 Borrower Fact Sheet

The **Borrower Fact Sheet (BFS)** summarizes all information about the borrower's rehabilitation eligibility, both the Loan eligibility (Section 2.1.1) and the Ineligible Borrower eligibility (Section 2.1.2) in most instances. This is a much easier way to obtain most of the data needed to determine borrower eligibility. Access the BFS from the "Collection" menu of DMCS, or by using the shortcut ctrl+shift+f.

The BFS will **NOT** identify whether the borrower's name, date of birth or social security number is incorrect.

Detailed instructions on how the BFS works can be found in the DMCS Private Collection Manual.

FFEL, FISL, and Direct Loans most recently rehabilitated before August 14, 2008 are eligible for rehabilitation and will have a value of "E" in the "Rehab Indicator" field on the DebtInfo UDP. If the debt is not picked up for funding review for the dNoRehab tag as that would prevent the account from being rehabilitated. If the tag is on the account you will need to submit it for funding through the regular exception requests outlined in section 2.6.4 "Regular exception requests".

2.2 BORROWER EDUCATION

After verifying the borrower and his/her loan(s) are eligible, and checking DMCS to see if they are enrolled in any other voluntary (compromise, consolidation, standard repayment, ect...) or involuntary program (TOP, AWG, prior AWG suspend, litigation) that may require additional information to be given, explain the following, so that the borrower can make an educated decision on whether or not to rehabilitate:

2.2.1 What is Rehabilitation?

Rehabilitation is a repayment program where an eligible borrower can enter into an agreement to get their defaulted loan(s) into good standing by providing required documentation and making a specified number of on-time, qualifying payments.

2.2.2 Benefits of rehabilitation

There are many benefits to rehabilitation that the PCAs may discuss with the borrower to help him/her decide whether it's the right choice. When describing the following benefits of rehabilitation, PCAs **must** state that once the loan is rehabilitated and transferred to the new federal loan servicer:

- Title IV eligibility is restored as long as you have no other federally defaulted student loans and meet all other student eligibility requirements. However, before the loan(s) is rehabilitated you can apply for reinstatement after your 6th on-time consecutive monthly payment is made. You can only reinstate eligibility in this way once and you have to continue making payments or you will lose eligibility again.
- The loan is no longer in default and ED requests that credit reporting agencies remove the record of default reported by ED. The credit update is normally reflected in the next monthly credit reporting cycle. ED does not request that credit reporting agencies remove or update any credit reporting done prior to default, including reporting of late payments. If a Treasury offset pays your balance in full prior to completing the loan rehabilitation program, ED will not request that credit reporting agencies remove the default reported by ED from their credit report.

- Before completing the rehabilitation collection costs are charged on each payment made toward rehabilitation. ED does not charge any collection costs on a loan after it is rehabilitated. Once the loan is transferred to the new servicer, the collection costs will not be charged on the loan, unless you re-default.
- The loans included in this rehabilitation will be decertified for Treasury offset. When beginning the rehabilitation program, if the loans included are already certified for offset, they will be offset until after they are transferred to the new servicer, entering into the rehabilitation program will not stop the offset.
- FSA will stop any current garnishments on the loans being rehabilitated. However, prior to rehabilitating the loans, if they are on an active garnishment (the order of withholding, WG15, was sent to the employer) you may be able to suspend the garnishment on the loans included in the rehabilitation after the 5th on time payment is made as long as you meet all of the other requirements. (See section 2.5.1, “Suspending AWG for rehabilitation” and section 2.4, “REHABILITATION AGREEMENT LETTER (RAL)” for what the requirements are for this benefit.)

The PCA must not attempt to provide any tax filing advice, such as suggesting the borrower defer filing or file an extension to avoid Treasury offset.

2.2.3 Borrower Requirements

The PCA **must** explain to the borrower what is required of them in order to qualify for rehabilitation:

- Loan(s) can only rehabilitate one time. If the loan(s) has rehabilitated in the past or if the loan(s) re-defaults after it has been rehabilitated, it cannot be rehabilitated again.
- The financial documents required in order to calculate the approved monthly payment amount for the rehabilitation program must be supplied before you are accepted into the program.
- A rehabilitation agreement letter (RAL) must be signed and returned and it must include the list of all eligible loans. (optional: After 60 days, the PCA may pursue involuntary repayment or choose to extend additional time for the borrower to return the RAL.)
- (FFEL, FISL and Direct Loans) There must be *nine full*, timely*, voluntary* monthly payments made of an approved amount in the current* ten month period* as described in the Rehabilitation Agreement letter. One payment may be missed in the current ten-month period and still qualify for rehabilitation. (Perkins loans) Nine consecutive full, timely, voluntary payments of an approved amount must be made each month.
- Continue to make payments after the minimum of at least 9 have been completed until the loan(s) is transferred to the new servicer.
- The requirements are outlined in the Rehabilitation agreement letter as well as additional information on the program. When you receive the letter please review it and contact us at (PCA#) with any questions.

If the PCA is explaining what a qualifying payment is they must use the following explanation(s):

- Defining qualifying payments:
 - **Full Payments** are defined as those meeting the Payment Schedule billing amount or the monthly equivalent of the billing amount for borrowers on a weekly, bi-weekly, or semi-monthly schedule. The full amount of the billing amount must be received in the form of a *voluntary payment within twenty days of the billing due date*—no more than 20 days early nor 20 days late.

- **Involuntary payments** (wage garnishments, offsets, DOJ payments) do *not* count toward this requirement.
 - **Split Payments** - Borrowers may make payments weekly or monthly, so long as the cumulative amount of voluntary payments received within 20 days of every due date equals or exceeds the current DMCS Payment Schedule billing amount. See also “Regular Exception Requests” below.
- **Timely Payments** are full payments received at the National Payment Center (meaning having an effective date on the Financial Transactions screen) within 20 days of the DMCS Payment Schedule billing **due date**—no more than 20 days early nor twenty days late.
 - Due dates may be changed at any point in the qualifying process, but the timeliness of all payments will be evaluated based on the DMCS Payment Schedule billing due date at the time the rehabilitation eligibility review is performed.
 - A due date of the 16th will be used if the borrower is billed other than monthly (e.g., bi-monthly).
 - PCAs must not establish a due date later than the 28th of the month.
- **Voluntary payments** are payments received from the borrower that were not received through “forced” collections or returned as insufficient/bounced/declined, reversed or stopped.
 - **ED’s Direct Debit Program (DDP) Payments** count toward rehabilitation. If the borrower is on DDP as of the day rehabilitation eligibility is performed, the DDP information will be used to calculate the borrower’s billing amount and due date as follows:
 - * The due date will be used from the Payment Schedule window.
 - * The billing amount will be the DDP amount multiplied by the number of payments debited per month (example, if debiting is weekly, the billing amount will be the DDP amount times four).
 - **Bounced/Insufficient/Declined Payments** are payments that are returned from the bank or rejected by the credit card agency and cannot be counted toward the series of qualifying payments.
 - **Payments reversed or stopped** do not count towards the series of qualifying payments.
- **Current Payments** means not have failed to meet any of the above criteria for more than 20 days after the due date. The last payment cannot be the one (1) allowable missed payment.

2.3 MONTHLY PAYMENT AMOUNT

PCAs must offer options for reasonable and affordable payments in this order:

- a payment amount calculated under a 15% formula – a.k.a. “**15% rehab**” ; or
- an alternative payment amount when the borrower cannot afford a 15% rehab – a.k.a. “**FIS rehab**” (where “FIS” is short for Financial Information Statement.)

Borrowers who have not filed a federal income tax return, whose household income has significantly increased since they last filed, or whose family size is different than what is stated on the tax return, can only do a “FIS Rehab”

2.3.1 15% rehabs

The PCA must first offer a payment amount equal to 15% of the amount by which the borrower’s adjusted gross income (AGI) exceeds 150% of the poverty guidelines for his/her family size and state of residence, divided by 12.

1. Acceptable documentation of AGI and family size includes:

- a copy of the borrower's most recent federal income tax return (1040 or 1040-SE for self-employed) for either of the two previous tax years (a borrower submitting documentation in January 2015 could submit either his/her 2014 or 2013 tax return); or
- an official federal tax transcript (including transcripts provided by the IRS, as authorized by the borrower) for either of the two previous tax years. If the borrower and the spouse are living together, the borrower is filing separately, and the spouse did not file taxes, the borrower only needs to supply the borrower's 1040. When counting the dependents to determine family size, exclude the spouse.

W2 is not acceptable as a standalone document.

2. Calculating the payment:

PCAs must use the most current version of the calculator approved by FSA to determine the 15% payment amount. Enter the following data:

- Enter the borrower's "State" of residency as of the date the PCA received the documentation. If the borrower lives out of the country leave the field blank.
- For the County/Territory field, it should default to United States. If the borrower is living outside of the continental United States, choose the country the borrower is from. If the country is not listed choose "OTHER"
- Enter the "Family Size" from the tax document or written statement; the "Poverty Level" field will automatically populate.
- Enter the AGI from the tax document; the "15% Amount" field and the "Monthly Payment" field will automatically populate, rounded to the nearest dollar.

3. The "Monthly Payment" field is the monthly payment allowed based on the information entered

If the borrower verbally or in writing states they cannot afford the monthly payment amount for the 15% Rehab, you can offer them a FIS rehabilitation.

2.3.2 FIS rehabs

Borrowers who cannot afford a 15% rehab must complete and submit a Financial Information Statement (FIS), which is a detailed list of income and expenses.

- PCAs must use the information supplied on an OMB Form 1845-0120, which is formally entitled Financial Disclosure for Reasonable and Affordable Rehabilitation Payments and the most current version of the FSA-approved calculator to determine the borrower's payment amount.
- In order to provide an accurate monthly payment amount the borrowers must complete and sign the required FIS form and supply proof of their income and expenses.
- PCAs must exclude from the calculation any figure for which proof is required, but not provided. The PCA must update DMCS Historical Events recording which figure was excluded and why.

1. Financial Disclosure for Reasonable and Affordable Rehabilitation Payments (aka “FIS”)

Below is a chart that outlines what type of proof is needed to complete each field of this form:

Section 1: Income

Field	Acceptable Documentation/Guidelines
1 Your Employment Income	Most recent 1040, or tax return transcript (see section 2.3.1 for acceptable signature) <i>for either of the two previous tax years:</i> (enter monthly average of AGI minus taxes owed) OR Most recent W2 or 2 pay stubs (neither documentation can be older than 90 days) <ul style="list-style-type: none"> Income to enter in calculator is monthly gross income minus all taxes (federal, state, local, Social Security and Medicare). Other mandatory deductions must be entered in their respective “expense” category later in the calculator.
2 Spouse’s Employment Income	
3 Child Support Payments Received	Copy of divorce decree or support order preferred. If unavailable or if required payments are not being received, a signed statement from the borrower.
4 Social Security Benefits Received	Borrower or spouse’s benefits statement from SSA.
5 Workers Compensation	Borrower or spouse’s pay stub and/or benefit letter (no older than 90 days).
6 Public Assistance	Borrower or spouse’s award letter
7 Other Income	Any documentation that identifies source and amount (exclude other household income not from the borrower or spouse). For no income or if the borrower or spouse is supported by family/other, the borrower or spouse can provide a signed statement explaining the situation.

Section 2: Expenses

Field	Acceptable Documentation/Guidelines
9 Food	None (IRS standard includes food, clothing, housekeeping, personal care, miscellaneous) Borrower will always be given the standard amount regardless of what he/she claims.
10 Housing	If borrower lives in US (includes Puerto Rico): None (IRS standard combines housing, utilities and basic communication). Borrower will be allowed the <i>lower</i> of the IRS standard or what he/she claims. If borrower lives outside US (including territories): Actual (rent, mortgage, lease, escrow or association dues, utility and communication bills). Borrower will be allowed his/her actual expenses. Basic communications include internet, cell phone, basic cable, etc.
11 Utilities	
12 Basic Communication	

Field	Acceptable Documentation/Guidelines
13 Necessary medical and dental	Proof of what borrower is actually spending: canceled checks and/or receipts, statements, etc. Just a bill showing amount owed is not acceptable. Borrower will be allowed <i>higher</i> of standard or documented actual.
14 Necessary insurance	Health insurance (either pay stub or proof of monthly premium amount being paid) Auto insurance is included in the transportation section & homeowners/renters insurance is included in the housing standard. Life insurance is not allowable unless borrower provides proof it is required by court order.
15 Transportation	To justify the number of cars claimed provide a written declaration of the number of cars
16 Dependent Care <i>Per OMB form instructions this field should also include other work-related expenses.</i>	Two most recent receipts/canceled checks (dated within past 90 days) If pays cash to daycare provider a written statement from the day care provider or an invoice/bill is acceptable <ul style="list-style-type: none"> • Borrower will be allowed documented actual. Also include mandatory work-related expenses or deductions, or court-ordered dependent expenses: Union dues <ul style="list-style-type: none"> - Retirement contributions (do not include voluntary Thrift, 401k or IRA allotments) - Garnishments for taxes (borrower must provide proof of garnishment source) - Court-ordered private school tuition (need copy of court order) Do not include other garnishments.
17 Required Child Support	Court Order & Canceled checks or paystub if being deducted Alimony can also be included here and requires a copy of the court order.
18 Federal Student Loan Payments	Current Statement (less than 90 days old) If ED or another entity is currently garnishing borrower for student loans then the average monthly AWG payment can be included. If the paystub is not clear what the garnishment is for the borrower will have to supply proof. Spouse's student loan debt can be included. A screen shot of the PCA notepad showing the payment amount is acceptable proof.
19 Private Student Loan Payments	Borrower or spouse's current statement (less than 90 days old)
20 Other Expenses	None (included in Food)

Section 3: AGI and Family Size

Field	Acceptable Documentation/Guidelines
1 Family Size	Family size entered on the form or from tax documents, if provided If the family size on documents provided is different than what is entered onto the FIS, a letter, signed by the borrower, attesting to family size or which explain any special circumstances or inconsistencies in information regarding family size.
2 Adjusted Gross Income	None (Note that the AGI field is optional)
3 Spouse's Name and SSN	None

2. FIS Borrower Supplement

There is a supplemental document that PCA's may include with the form that provides guidance on completing the form (a.k.a., the FIS Borrower Supplement). PCAs are not required to use the FIS Borrower Supplement and may instead provide their own guidance on how to complete the FIS. All PCAs will be held to the same standards when FSA reviews the FIS packages received to determine whether each FIS is complete and each payment calculated accurately.

3. Expenses not allowed for FIS rehabs

- Credit cards cannot be included in "other expenses" because purchases are already included in fields such as clothing, food, etc.
- If the borrower is set up on a payment arrangement for a past due debt (i.e. taxes), it can't be included in the borrower's expenses, UNLESS they are being garnished and the borrower provides proof of that.
- If a borrower claims parent(s) or a college student as dependent, then the expenses would show up in housing (if paying for retirement home) and in food & other expenses if living with them.

4. Additional instructions for FIS rehabs

- For borrowers living overseas they will have to document those expenses that are dependent on locality in the calculator.
- The expense calculation will default to the "allowed" amounts if the borrower does not provide proof of expenses.
- For some expenses, a copy of a bank statement showing the payee name that can link to an expense category is sufficient proof.
- Borrowers who have no income should write \$0 in all income fields on the FIS. If the borrower writes \$0 in just one income field and leaves the others blank, that is also acceptable. All borrowers who report no income must write an explanation for how they are supported in the "Describe" field on line 7. If someone is helping them they must at least state the relationship of the person that is helping them (e.g. mother, boyfriend, sister, etc.), a generic "someone" is not acceptable.

5. Calculating the payment for FIS rehabs

PCAs must use a calculator approved by FSA to determine the FIS payment amount. Enter the following data:

- Demographics - at a minimum, enter the following
 - State - For borrowers residing in foreign countries leave the field blank.
 - County
 - County/Territory - should default to United States. If the borrower is living outside of the continental United States, choose the country the borrower is from. If the country is not listed choose "OTHER". The FIS calculator will automatically populate using the U.S. dollar exchange rate.
 - Family Size
 - Vehicles
- Monthly Income- each field pertinent to the borrower's documentation should be entered with what each section earns monthly based on gross earnings minus total of taxes.

- Monthly Expenses - can be populated with the data found on the FIS document supplied by the borrower and reviewed and approved by the PCA using the supporting documents.

Once all the data has been entered onto the calculator it will automatically calculate what the approved monthly payment amount will be under this program.

6. Other pertinent FIS rehab instructions

- The PCA may pre-populate the form and send it to the borrower for any necessary updates and signature.
- If a borrower is starting a new job and is submitting paystubs or copies of paychecks, he/she must submit at least two paychecks so that the PCA can calculate an average.
- The PCA may accept a note or letter from the borrower explaining any discrepancies in information included in forms or documents submitted provided the borrower signs and date the note or letter. Example: proof of family size that differs from what the 1040 shows.
- The FIS document can be a copy as long as it is of the borrower's wet signature (not e-signature and not "artwork") - fax or email copy is acceptable.
- If the date is incorrect or left out on the FIS document, the date stamp date is acceptable as long as the PCA updates their notepad.
- Always document DMCS when there are variances between what the borrower stated on the FIS and what the documents showed and use the figures on the documents (borrowers tend to round; the documents are more accurate).
- When calculating Average Monthly Income, use the number of pay periods stated that they are paid and divide by 12; this will assist with teachers/seasonal employees. It is acceptable if the borrower verbally tells the PCA the number of pay periods, and it is documented on their notepad.
- If income field is blank on FIS, don't alter it. Update DMCS with what you used for income information.
- The signature on the FIS does not expire.
- Borrowers who do a FIS rehab must include all expenses and provide the associated documentation, regardless of whether they have income.

2.3.3 Determining the official payment amount for both programs

If the payment calculated is \$0-\$4.99, then the official payment amount is \$5.00.

Minimum payment for either rehab type is \$5.00 per month.

2.3.4 Establish a payment schedule on DMCS

First, the PCA must receive the borrower's financial documentation and the borrower must agree to a monthly payment amount. Once the borrower agrees to a monthly payment amount based on his/her financial documentation, then the PCA must establish a payment schedule on DMCS and send the Rehabilitation Agreement Letter. (See the DMCS Private Collection Manual, "Creating a Voluntary Payment Arrangement" section for how to establish a payment schedule on DMCS.)

PCAs must add the following standardized comments to DMCS using Action Code=Comment/Result Code=Comment to reflect the payment calculation method used:

*****15% Rehab Agreement Established or ***FIS Rehab Agreement Established**

2.3.5 For both 15% and FIS rehabs

- **Payments made before the calculation** - The borrowers may begin making “good faith” payments prior to calculation of the official payment amount. These payments will count toward the nine required for rehabilitation so long as they are timely and at least as large as the official calculated amount.
- **Higher amounts** - PCAs may establish billing for a higher amount than what the calculator shows only upon request from the borrower and only after the borrower has been advised of the amount required based on the payment calculation method he/she has chosen. PCAs should also inform the borrower that the amount that will be on the agreement they receive will be the calculated amount.
- **Failure to provide documentation** - If a borrower fails to provide the documentation required for either of the two acceptable payment amounts within 60 days of the PCA request, the PCA may pursue forced collection action.
- **Poverty guidelines** - Every year from mid to end of January new poverty guidelines are published and a new 15% and FIS calculator needs to be used. During this time there may be circumstances in which the borrower may fall in with using the old or the new calculator. Examples are below:
 - If the borrower already had their payment amount calculated on the old calculator and all supporting documents were received before the new calculator was published the old calculation stands
 - If the monthly payment amount agreed to was based on verbal financial information and then the financial documents were received after the new calculator was distributed then a new calculation using the updated calculator would be needed
 - If a borrower is restarting rehab they must submit new documentation, if the old documentation was received more than 90 days ago to determine payment amount which would require the new calculation.*Exception: 15% rehabs can use tax returns for either of the two previous tax years at the time the payment amount is calculated*

2.4 REHABILITATION AGREEMENT LETTER (RAL)

After gathering documentation required to calculate a payment amount, the PCA must send the borrower an FSA-approved Rehabilitation Agreement Letter (RAL) (see appendices) that identifies each debt number that is to be included in this rehabilitation:

- the PCA must not send the RAL until all required documentation has been received; and
- the PCA must send the RAL letter within 15 days of the receipt of all required documentation.

The monthly payment amount on the RAL must be the lowest amount calculated for the program the borrower has chosen, even if the borrower chooses to make higher payments.

For all loan types, including Parent PLUS loans, in order for a borrower to be eligible for rehabilitation, the borrower must sign and return the RAL. The completed form must include the signature page and the list of all the debts included in this rehabilitation. Electronic signatures are not acceptable at this time. However, PCAs may accept an RAL with an original signature below the electronic signature.

Upon receipt of the signed RAL, the PCA must send the letter to Greenville to be imaged:

- Complete a Manifest for PCA Image Updates (see 12.0 - Appendix A). This can be done daily/weekly/monthly.
- Send the signed rehabilitation agreement letter to the Greenville physical address:

U.S. Department of Education
ATTN: Archive
6201 Interstate 30 Highway
Greenville, TX 75402

***Should not contain payments; must contain a manifest.

2.4.1 RAL - What is acceptable/unacceptable

Changes can be made to the RAL as long as they do not alter the terms of the agreement.

- Acceptable: payment amount or the due date if PCA agreed to it and it matches the payment schedule on DMCS,
- Unacceptable: Crossed-out terms such as interest capitalization and 20 day-grace.

The RAL should only have one due date regardless of whether the borrower is making payments weekly or monthly. It is that date that the 20-day grace period will be calculated from.

The payment amount used for the RAL should be based on the official calculated amount.

If borrower puts incorrect date, the date of the time stamp is acceptable

2.4.2 When to send a new RAL for borrower signature

In the following instances, you will need to obtain a new signed agreement for imaging:

- If new loans are added to an account after the RAL is sent. For every debt to which a rehabilitation agreement tag has been added, there must be a signed RAL in the DMCS images listing that debt.
- If a borrower falls out of repayment and then wishes to start a new series of nine payments, the borrower must submit new documentation, if the old documentation was received more than 90 days ago. *Exception: 15% rehabs can use tax returns for either of the two previous tax years at the time the payment amount is calculated.*
- If the borrower's payment amount increases because of new income documentation that was provided, the borrower must make at least 3 payments at the higher amount in order to submit the account for funding.
- If the PCA incorrectly calculated the payment, and it is lower than the required amount for the chosen program, and the borrower agrees to the higher payment (see section 2.6.1 for additional instructions).
- If a borrower has to restart their rehab (e.g. can use some of the payments already posted from the original rehab agreement) and the FIS financial documentation is older than 90 days the borrower needs to supply new documentation and if the new documentation increases the monthly payment amount, the borrower would need to sign a new RAL

2.4.3 Circumstances a new RAL is not required

- The borrower changes his monthly due date.
- The borrower's payment amount decreases because he has provided new income documentation.

2.4.4 Failure to return RAL

PCAs may cancel billing and pursue forced collection if the borrower fails to return the RAL within 60 days of its issuance.

2.5 WAGE GARNISHMENT

If a borrower seeks to avoid wage garnishment with a voluntary repayment agreement, and also seeks, and is eligible for, rehabilitation of his/her loans, the rehabilitation calculator trumps the AWG hardship calculator.

- If the account is not currently in the AWG process, the PCA must calculate the payment amount for rehabilitation using the reasonable and affordable payment guidelines for rehabilitation.
- If it is within the 30 days of the date the NPWW was sent or within the 15 days of a post-hearing decision, the PCA must calculate the payment amount for rehabilitation using the reasonable and affordable payment guidelines for rehabilitation. As long as the borrower makes their first scheduled payment by the 31st day after the date the NPWW was sent, the PCA must initiate suspension of AWG. If the borrower does not return the RAL within 10 days from the date the RAL, the PCA must reinstate the garnishment (see 7.0 - AWG for more instruction).
- If an Order of Withholding was sent to the employer and the borrower is in various stages of the garnishment process, the borrower may still qualify for rehabilitation by making voluntary payments. The borrower must be notified that the payments for the rehabilitation would be in addition to the amount being/to be garnished. The PCA must calculate the payment amount using the reasonable and affordable payment guidelines for rehabilitation and the PCA may include the average monthly garnishment as an expense on the FIS.

2.5.1 Suspending AWG for rehabilitation

If a borrower is on an active garnishment (order of withholding sent to the employer), the PCAs must initiate the suspension of AWG on all rehab-eligible loans within 3 business days of when the borrower has made five of the nine payments required for rehab, ONLY if:

- the payments were officially calculated using the required documentation for rehabilitation;
- for FFEL and Direct loans, there were five payments posted to DMCS in a six-month period; for NDSL, there were 5 consecutive payments;
- an approved, signed repayment agreement letter is received; and
- the borrower has not previously earned suspension in this way.

Before suspending AWG, PCAs must review the case history to ensure suspension of AWG has not previously been granted. The borrower may only earn this suspension once throughout the duration of the default.

If the borrower has a mixture of eligible and ineligible debts (e.g., a POVR or a judgment loan), the PCA must only suspend AWG on the eligible debts by removing the dAWG tag. AWG may continue on the ineligible debts. The PCA should counsel the borrowers when this is the case so they are aware that the garnishment payments will continue

and only be applied to the accounts that are ineligible for rehabilitation. The borrower can choose to not exercise their right for the one time suspension because of this.

PCAs must initiate a refund review upon borrower request if AWG payments are received after suspension has been requested. This is a manual process

If the borrower verbally states that they do not wish to take the one time option of suspending the garnishment it must be clearly documented on the PCA notepad as well as the DMCS historical comments.

If the borrower falls out of repayment, meaning he/she would have to re-start his/her series of nine payments in order to rehab, the PCA can resume AWG without further notice to the borrower.

2.6 PREPARATION AND SUBMISSION FOR REHABILITATION FUNDING

Prior to submitting an account for rehabilitation funding, PCAs must verify that the following are in the DMCS images and are legible and correct:

- all income and expense documentation used to compute the payment amount;
- a copy of the calculator results showing how the payment amount was calculated; and
- the signed RAL with the list of eligible loans.

Once the images above have been verified, the PCA may apply the appropriate letter tag for the loan type (see the DMCS Private Collection Manual).

In addition, the PCA must check the payment schedule and make sure the billing due date and monthly payment amount are correct.

2.6.1 PCA calculated payment amount incorrectly

If the PCA calculates the borrower's payment to be lower than what was required and it is identified before the account(s) are funded, then the PCA must contact the borrower and explain the error and offer the borrower the options of (1) rehabilitation at the higher amount; or (2) waiting until he/she can afford the higher required payments.

If the borrower would like to rehab at the higher amount, then:

1. The PCA must send the borrower a new RAL with the updated higher amount.
2. If the RAL tag had previously been added, the PCA must remove it until the new signed RAL has been received and imaged.
3. The PCA must update DMCS billing and leave a comment in the DMCS Historical Events describing what happened.
4. Any qualifying payments the borrower has already made at the incorrect lower amount may still be counted towards the required nine payments. The borrower does not have to start over, but must make any of the remaining payments at the higher amount. For example, if the borrower made six payments at the incorrect amount before the PCA discovered the error, the three remaining payments must be for the higher amount.
5. If the borrower had already made nine payments of the incorrect amount, all that is needed for the borrower to be eligible for rehab is a new signed RAL. Depending on how quickly the new RAL is processed,

the borrower may need to continue to make payments at the higher correct amount in order to remain current and eligible for rehab.

6. The PCA must forward the corrected RAL and payment calculator to Greenville for imaging.
7. Once the borrower is eligible, the PCA will have to submit the account(s) in the exceptions process outlined in section 2.6.3.

If the borrower is unable to make the payments at the higher amount and the borrower is on the 15% rehab:

- the PCA may offer a payment amount for a FIS rehab instead (sections 2.3.2- 2.3.9). If the borrower chooses this, follow steps 2-7 above for sending a new RAL with a new payment amount calculated for a FIS rehab.

If the borrower can't afford payments at the higher amount under either the 15% rehab or the FIS rehab, they will not be able to rehabilitate their loans at this time and will need to make other arrangements.

If the PCA is unable to reach the borrower, the PCA must prevent rehab from occurring, by:

- removing the rehab agreement tag or by not adding it.
- The PCA must update DMCS by noting the account with a summary of what happened and that they have been unsuccessful at reaching the borrower so they removed the account from the program until such time as the borrower is reached.

The PCA can stop the billing to prevent rehab from occurring.

2.6.2 DMCS transfer process

DMCS has automated processes (ETL's) that (1) detect accounts that are eligible for rehabilitation and (2) transfers the accounts to a federal loan servicer.

ETL	When	Criteria	Outcome, if criteria met:
(1) Eligibility	weekly, usually early Friday morning	<ul style="list-style-type: none"> • appropriate rehabilitation agreement tag • active repayment schedule 	adds "dRhbElig" tag to account
(2) Transfer	<ul style="list-style-type: none"> • every weekend for FFELs, FISLs and Direct Loans • first Tuesday of each month for Campus-based loans 	<ul style="list-style-type: none"> • dRhbElig tag on account 	1. debts are transferred; 2. debt-level tag indicates receiving federal loan servicer: <ul style="list-style-type: none"> • doAP: FedLoan Servicing (aka AES/PHEAA) • doNelnet • doSallie: Navient (fka SallieMae) • doGrTLks: Great Lakes

If the DMCS automated processes are successful, PCA fees will be paid based on the date the rehabilitation closure transaction posts to DMCS (if the transaction posts in April, fees will be paid on the April invoice.)

2.6.3 Automated exception request

If the DMCS transfer process does not pick up an account believed to be eligible for rehabilitation, before making an exception request, the PCA must:

- Review the Borrower Fact Sheet to ensure all eligibility criteria have been met (see below.)
- Review the payment history:
 1. Determine what the billing amount and due date was at the time of the rehabilitation eligibility review was done.
 2. Review every monthly due date to make sure that a full voluntary payment was received within 20 days of that date.
 3. Make billing change, if necessary. If the borrower has made 9 payments but they are not timely according to the current billing due date, see if there is a due date for which all payments would be timely. If so, change the due date; the account should be picked up in the next sweep.
 4. Report any other problems to the contact designated in 23.0 – CONTACTS.

If all of the above steps are completed, and there are no obvious conditions that would render the account ineligible (e.g. a voluntary payment was incorrectly coded as a garnishment; previously rehabilitated loan is eligible but tagged incorrectly), the PCA must make an automated exception request by adding the following comment to DMCS using Action Code=Comment/Result Code=Comment exactly as described below:

*****REHAB EXCEPTION CANDIDATE DUE: dd AMT: n.nn**

- Enter the first asterisk in the first position of the comment—it cannot be preceded by a space or other character
- Use one space after each colon
- Enter the monthly due date as a two digit number in the “dd” field
- Enter the monthly billing amount in the “n.nn” field

Example for a borrower whose payment is \$100 due on the fifth of each month:

*****REHAB EXCEPTION CANDIDATE DUE: 05 AMT: 100.00**

FSA will respond to automated exception requests every two weeks (on Monday) with an e-mail containing an MS Excel report with nine tabs (described below) that identify the accounts that are eligible, ineligible or need additional information::

Tab	Description
Eligible regular rehabs	These accounts will be tagged drhbElig and will be processed in the next rehabilitation transfer. No further action by PCA needed.
NeedPayCalc	These accounts require a manual payment calculator.
Ineligible	These accounts are not eligible for rehabilitation.
Mass Calculator results	(Borrower-level)
Mass calculator info	-
Mass calculator due date summaries	-
Payments	These payments can be used for the next mass calculator submission.
TEACH Rehabs	This is a list of eligible Teach Loans that will be transferred to

	PHEAA.
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Mass Rehab Payment Calculator – As indicated by FSA on the report, PCAs must submit to FSA a completed “mass rehab payment calculator” listing the individual payments that qualify for rehabilitation.

PCAs must submit the list by close of business on the Friday preceding the bi-weekly exception sweep. See 23.0 – CONTACTS for specific contact information.

How to Send the Mass Rehab Payment Calculator	
E-mail subject line	“Rehab Calculators for 5xx” (where 5xx is the agency’s contract code)
File name	5xx-rehab-calculators”
Tab title	“Template”
Data Set	All payments for all borrowers that will be submitted through the rehabilitation automated exception process.
Record (each row)	Due date and payment amount for each payment; the due dates cannot be later than the 28th of the month. See example.

Below is a sample calculator file showing how the template should be set up:

	A	B	C	D	E	F	G
1							
2	Agency	Borrower Number	Due Date	Monthly Amt Due	Payment Tran ID	Effective Date	Amount
3	500		9/15/2013	100.00	100999001	9/10/2013	50.00
4	500		8/15/2013	100.00	100998996	8/20/2013	50.00
5	500		7/15/2013	100.00	100998991	7/10/2013	50.00
6	500		6/15/2013	100.00	100998986	6/20/2013	50.00
7	500		5/15/2013	100.00	100998981	5/10/2013	50.00
8	500		4/15/2013	100.00	100998976	4/20/2013	50.00
9	500		3/15/2013	100.00	100998971	3/10/2013	50.00
10	500		2/15/2013	100.00	100998966	2/20/2013	50.00
11	500		1/15/2013	100.00	100998961	1/10/2013	50.00
12							
13							

2.6.4 Regular exception requests

If an eligible account is not processed in the regular weekly Eligibility ETL, and there are obvious conditions that are incorrect and the systematic review programs would therefore reject the account as ineligible (e.g. a voluntary payment was incorrectly coded as a garnishment payment amount increased), the PCA must make a regular exception request by submitting an eIMF to the FSA Atlanta Regional Office. Once FSA approves the exception, FSA will apply the Rehabilitation Exception tags and the account will be included in the next rehabilitation transfer ETL.

Note: Changing the billing information retroactively does NOT require an exception request if the borrower has made the requisite payments according to that new billing information.

PCAs must submit exception processing for split payments ONLY IF the following are true:

- the borrower skips a monthly payment, and
- the first installment of the split payment for the following month is timely for the skipped month.

Example: if the borrower's due date is the 15th and they skip the September payment, an exception will be required if they make a split payment in October and the first installment of their split payment is received between September 25 and October 5.

PCAs must NOT submit for exception processing loans that are ineligible by regulation, such as:

- ineligible previously rehabilitated loans
- loans with an "Ineligible Borrower" indicator value of "I" or "F"
- judgment loans

In general, loans that have already been resolved are not eligible for rehabilitation. Request a review of the balance and eligibility for rehab via eIMF.

2.7 SUPPLEMENTAL RE-DEFFAULTS DATASET

There are loans that are updated on DMCS as previously rehabilitated even though they are not. They have either:

- a value of "Y" in the "Rehab Indicator" field in the Debt Info UDP, or
- a dNoRehab tag

To rehabilitate a previously rehabilitated loan that is eligible, the PCA must submit an automated exception request.

This dataset also identifies all previously rehabilitated loans that are *ineligible* for a second rehabilitation.

FSA e-mails this dataset to all PCAs each month. It is a fixed-width text file with the following fields:

- Borrower number (positions 1-10)
- Debt number (positions 12-20)
- Eligibility status (position 22):
 - "I" = ineligible
 - "E" = eligible
 - "U" = undetermined (PCA must assume debt is ineligible)

2.8 POST-SUBMISSION PROCEDURES

Once an account has been identified as accepted for transfer, the PCA must stop any pre-scheduled payments (DDP, Speed-Pay, etc.).

If the PCA is contacted by the borrower, the PCA must:

- notify the borrower to send his/her next monthly payment to their new federal loan servicer; and
- advise the borrower to expect contact from a federal loan servicer and that payment due dates and amounts might change.

2.0 – Appendix A – Rehabilitation Agreement Letter

You have expressed to us that you wish to rehabilitate your defaulted Federal Family Education Loan (FFEL) program student loan(s), Federal Perkins, National Direct, National Defense and/or Direct Loan(s) held by the U.S. Department of Education (ED).

We have calculated your monthly repayment amount to be \$ _____ based on information about your income that you have provided to us.

If you agree to make monthly payments of this amount, sign the agreement and return it to us at the following address:

[PCA address]

If you fail to return the signed rehabilitation agreement, it is null and void.

If you object to the monthly payment that we have calculated, we will recalculate your monthly payment based on more detailed information related to your financial circumstances. If you wish for us to recalculate your monthly payment, notify us of your objection by telephone or in writing within 15 days of the date of this letter. You must submit a financial statement form and any required supporting documentation within 30 days of the date of this letter. You can obtain the form at the following website: www.myeddebt.ed.gov/borrower, or by calling us at 800-621-3115. Based on the information that you submit, we will calculate a reasonable and affordable monthly payment.

This letter confirms my acceptance into the loan rehabilitation program and my agreement to repay my defaulted Federal Family Education Loan (FFEL) program, Federal Perkins, National Direct, National Defense and/or Direct Loan program student loan(s) held by the U.S. Department of Education (ED). I understand that compliance with this agreement is a prerequisite to rehabilitation of my loan(s).

I understand that I must make at least nine (9) monthly payments of \$ _____, beginning _____, with each payment due on the _____ of each month thereafter.

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

1. I must make each payment no more than twenty (20) days before or twenty (20) days after the due date for that payment.
2. If I am rehabilitating FFEL or Direct Loans, I must complete the initial payment and at least eight (8) of the other required monthly payments within a ten (10) month period that begins with the month in which the initial payment is scheduled here.
3. If I am rehabilitating Federal Perkins, National Direct or National Defense loans, I must make nine (9) consecutive monthly payments.
4. If I fail to make these payments as explained here, I must sign a new repayment agreement and complete a new series of at least nine (9) agreed-upon payments in order to qualify for rehabilitation of my loan(s).

5. I cannot change the monthly payment amount without ED's agreement or the agreement of the collection agency servicing my account.
6. I agree to provide a new financial statement and supporting documentation in order to support a request to change my required monthly payment amount. I also agree to provide three personal references upon request.
7. I must continue to make monthly payments to ED after I have completed the minimum of at least nine (9) payments as described above until I am notified in writing by ED's loan servicer that the rehabilitation has been completed and that I am to begin making payments directly to ED's loan servicer.
8. Any interest that I owe at the time my loan(s) are rehabilitated will be capitalized. This means that unpaid interest will be added to the principal balance, and this combined amount will become the new principal balance that I owe on the loan(s). Interest will accrue on this new, higher principal balance.
9. ED agrees to waive collection of any cost ED incurs as a result of the rehabilitation of my loan(s). However, if I default on my loan(s) in the future, ED may 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 at the time of re-default to satisfy the debt to ED.
10. After the date on which my loan(s) are transferred to ED's loan servicer:
 - ED will credit to the rehabilitated loan(s) any payment ED receives that I designate as payment on the rehabilitated loan(s).
 - ED will refund to me at the address on my billing statement any involuntary payment ED receives (for example, a Treasury offset).
 - ED will request that credit reporting agencies remove the record of default on the rehabilitated loan(s).
11. After the rehabilitation of my loan(s) is completed, ED's loan servicer that handles my loan(s) will establish a new due date, will calculate a new monthly payment amount based upon the balance owed at the time of the rehabilitation, and will notify me of these determinations. The amount of the required monthly installment payment may substantially increase.
12. I understand that I can only rehabilitate my loan(s) one time. If I re-default on these loans after I have rehabilitated them, I will not be able to rehabilitate them again.
13. If my wages are subject to an administrative wage garnishment order for the loan(s) I intend to rehabilitate, I understand that garnishment will be suspended once I have made five (5) of the nine (9) payments required for rehabilitation, unless I direct ED or the collection agency servicing my account otherwise. Once garnishment is suspended, I must continue making the payments according to this agreement until my loan is rehabilitated. If I fail to do so, garnishment may resume without further notification to me.

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

Signed: _____ Date: _____

2.0 – Appendix B – FIS Borrower Supplement



Documentation Required for Rehabilitation Financial Disclosure

In addition to the attached FINANCIAL DISCLOSURE FOR REASONABLE AND AFFORDABLE REHABILITATION PAYMENTS, please provide the following supporting documentation.

Section 1: Income (Include income documents for your spouse, if you are married and living together.)	
Field	Please include the following documentation
1 Your Employment Income	Signed copy of your Federal 1040 tax return for the most recent tax year (both pages) or a tax transcript form provided by the IRS. Copies of your two (2) most recent pay stubs (they must be dated within the past 90 days).
2 Spouse's Employment Income	If you are self-employed, provide either the most recent 1040 tax return or 1040-ES worksheet.
3 Child Support Payments Received	A copy of your divorce decree or support order. If these are not available, or you are not receiving the full amount ordered, provide a written statement explaining how much you are receiving.
4 Social Security Benefits Received	A benefits statement from the Social Security Administration
5 Worker's Compensation	A pay stub and/or benefit letter (no older than 90 days)
6 Public Assistance	A copy of your award letter
7 Other Income	Any documentation showing the source and amount
Section 2: Expenses	
9 Food	None required
10 Housing	If you live in the U.S. (including Puerto Rico): none required If you live outside the U.S., copies of:
11 Utilities	1. Mortgage statement or rental agreement, home/renters insurance bills, and
12 Basic Communication	2. Utility bills, and 3. Basic communication bills (internet, phone, basic cable)
13 Necessary Medical and Dental	None required, if you spend less than \$60/mo per person in your family. If you spend more than that, provide proof of what you actually spend out of pocket on co-payments for prescription drugs, doctor visits, and other medical needs: canceled checks and/or receipts, statements, etc. Providing only a bill showing amount owed is not acceptable.
14 Necessary Insurance	Health insurance: copies of your premium statement or pay stub Life insurance is only allowed if required by court order; provide copies of the premium statement and court order. Do not include auto insurance here (include that in transportation expenses) Do not include homeowners or rental insurance here (include that in housing)
15 Transportation	A written statement indicating the number of cars that you own (no documentation required if you do not own a car). If you live outside the U.S.: documents showing car payments, auto insurance, gas/oil, maintenance, and car registration.
16 Dependent Care	Receipts from or canceled checks payable to your daycare provider. Only include private school tuition if it is court ordered (include a copy of the court order).
17 Required Child Support	Court order (unless it is shown on your pay stub)
18 Federal Student Loan Payments	Current billing statement (less than 90 days old)
19 Private Student Loan Payments	Current billing statement (less than 90 days old)

20 Other Expenses	None required
Section 3: Family Size, Adjusted Gross Income, and Spousal Information	
1 Family Size	Signed copy of your Federal 1040 tax return for the most recent tax year.

3.0 CONSOLIDATION

A Direct Consolidation Loan is a federal loan that allows borrowers to combine one or more federal student loans into one new loan.

Borrowers can apply for a Direct Consolidation Loan through the PCA or directly on www.studentloans.gov. In most cases, the PCA will not earn a commission on the consolidation when a borrower applies on StudentLoans.gov. This chapter describes requirements the PCA must adhere to in order to receive commission on the consolidation. The PCA must not confuse the requirements described in this chapter with the regulatory requirements for consolidation. The PCA must NOT advise a borrower that he/she is ineligible for consolidation unless the borrower does not meet regulatory requirements for consolidation.

3.1 General Requirements

3.1.1 Eligibility

Most defaulted Title IV student loans are eligible to be consolidated, if the borrower:

- makes satisfactory repayment arrangements, or
- agrees to repay the Direct Consolidation Loan under the Revised Pay As You Earn Plan, the Pay As You Earn Plan, the IBR Plan, or the ICR Plan.

The following cannot be consolidated:

- private educational loans
- program overpayments (POVR) debts are not eligible for consolidation and are identified by the debt-level dPOVR tag
- Perkins/NDSL loans, identifiable by the debt-level dPerkins tag, cannot be consolidated unless it is consolidated with at least one FFEL (including FISL) or a Direct Loan
- loans with judgments
- joint consolidation loans; and
- loans for which a wage garnishment payment has been received within the preceding 90 days.

Informational reminder on accounts that have already consolidated:

Reconsolidations: Consolidating Existing Consolidation Loans

Although the PCA does not process a consolidation application for existing consolidation loans, a borrower may apply for a new consolidation on StudentLoans.gov. If a borrower wants to 'reconsolidate' an existing Direct Consolidation Loan, the borrower must include an additional eligible loan in the consolidation. However, the borrower may reconsolidate an existing Federal Consolidation Loan into a new Direct Consolidation Loan without including an additional loan if the borrower is:

- consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion, or consolidating a defaulted Federal Consolidation Loan, and the borrower agrees to repay the Direct Consolidation Loan under the Revised Pay As You Earn Plan, the Pay As You Earn Plan, the IBR Plan or the ICR Plan;
- consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness (PSLF) program; or
- consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty.

If a borrower is applying for PSLF, the application must be submitted to FedLoan Servicing (PHEAA) for consolidation because it is the servicer for PSLF.

Consolidation loans cannot otherwise be reconsolidated and are identified on the Debt Summary Pane by either the 'Debt Type' of LNC-Consolidation Direct Loans or the Highest Priority Tag of 'dCons' and 'dNLC' or if the middle four digits of the lender code are 7777, 8888 or 9999.

Borrowers may apply directly on www.studentloans.gov to consolidate existing consolidation loans.

3.1.2 Qualifying payments for satisfactory repayment arrangements

Except for forced Income-Driven Repayment (IDR) consolidations, borrowers must make a full, timely, voluntary payment of an approved amount each month for 3 consecutive months in order to meet satisfactory repayment arrangements and qualify for consolidation:

FULL - an acceptable payment amount agreed on between the PCA and the borrower. The full amount must be received in the form of a voluntary payment. Borrowers may make payments weekly or monthly, so long as the cumulative amount of voluntary payments received equals or exceeds the approved payment amount.

TIMELY - received at the payment center within 20 days of a single monthly due date—no more than 20 days early nor 20 days late.

Involuntary payments (wage garnishments, offsets, DOJ payments, etc.) do not count toward this requirement.

A minimum of 50 days must have elapsed between the effective dates of the first and last monthly payments.

Returned, reversed or stopped payments do not count toward the series of qualifying payments.

These payments must have posted to the account by the time the PCA certifies the account for consolidation. PCAs do not have to set up the borrower on billing.

3.1.3 Acceptable payment amounts

The PCA must determine the payment amount based on the amount owed and on the borrower's total financial circumstances. Payments equal to at least 1% of the final consolidation payoff balance are automatically considered acceptable.

3.2 Forced Income-Driven Repayment (IDR) Consolidations

A 'forced' IDR consolidation occurs when the borrower agrees, as a condition for consolidating defaulting student loans, to repay the new Direct Consolidation Loan under the Revised Pay As You Earn Plan, the Pay As You Earn Plan, the IBR Plan, or the ICR Plan. The PCA gathers the completed IDR application and supporting documents, and determines the qualifying payment amount:

1. The PCA must obtain a completed Income-Driven Repayment (IDR) Plan Request form from the borrower, including required supporting documentation:
 - copies of the most recent federal tax returns filed in the two past completed tax years from the borrower; or
 - if the borrower did not file in the two recent tax years or the borrower's financial circumstances have substantially changed, documentation of the borrower's taxable income, such as income from employment, unemployment income, dividend income, interest income, tips, and alimony. Do not include untaxed income such as Supplemental Security Income, child support, or federal or state public assistance.
2. If the borrower does not have income, the borrower (and spouse, if the borrower is married and filed a joint federal tax return) must check the box indicating no income under Section 5: Alternative Documentation of Income.
3. If the borrower filed a joint income tax return, or the borrower and his/her spouse want to repay their student loans jointly under the ICR plan, the borrower must supply total household income (i.e., including any income earned by a spouse) in the supporting documentation with the IDR Request form and the PCA must use total household income in FSA's repayment estimator. This also applies to borrowers who are separated—the spouse's income must be included.
4. See the IDR Plan request form for other documentation guidelines.
5. Using the borrower's federal student loan balance and taxable income information, the PCA must complete the IDR payment calculator/estimator (<http://www.studentaid.ed.gov/repayment-estimator>) to calculate the qualifying payments.
6. In cases where the borrower's income fluctuates (e.g., due to an irregular work schedule), the PCA must attempt to calculate average income using a representative collection of pay stubs.
7. The PCA must send copies of all supporting documentation collected from the borrower that is associated with the consolidation to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402

***Should not contain payments; must contain a manifest.

8. Borrowers may consolidate without making any qualifying payments if the IDR payment is calculated as under \$5.00.
9. If the IDR payment is calculated as \$5.00 or more, the borrower must make 3 consecutive monthly payments of that amount for the PCA to earn an administrative fee.

3.3 Borrower Counseling

Before promoting consolidation as a resolution option, PCAs must fully counsel borrowers so that they understand:

- The consolidation loan is a new loan.
- The interest rate is fixed and is the weighted average of the interest rates on all loans included in this consolidation, rounded up to the nearest one-eighth of a percent.
- Collection costs that will be added to the amount of principal and interest consolidated will be disclosed as follows:
 - If the consolidation is a forced IDR, the collection costs should be 18.5% of the combined P&I if combined P&I is less than \$810.81 or \$150 if combined P&I is greater than \$810.81. If the consolidation is commission-eligible, then collection costs equal to 2.8% are added.

PCAs must also evaluate whether rehabilitation would be more beneficial to the borrower, and counsel the borrower accordingly.

PCAs must include the following information when counseling borrowers on loan consolidation:

3.3.1 Fast-Track

If the PCA is attempting a Fast-Track consolidation, the PCA must clearly explain that the borrower must take separate action to include loans outside the Default Resolution Group (DRG) portfolio in the new Direct Consolidation Loan.

3.3.2 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 the new, higher balance of the consolidation loan.

3.3.3 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 one-eighth of a percent. In most instances, 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.

3.3.4 Disputes against underlying loans

PCAs must NOT promote consolidation to borrowers who dispute the amount of or their obligation to pay the underlying loans, unless or until that dispute has been resolved. This includes, but is not limited to borrowers

claiming total and permanent disability and borrowers raising objections based on bankruptcy, closed school, ability to benefit, unpaid refund, and unauthorized signature.

3.3.5 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” and will typically appear on credit reports as a “paid collection account”. If ED has already stopped reporting the loans, no new reporting will be made for the underlying loans but new reporting will begin on the consolidation loan.

3.3.6 Title IV eligibility

The underlying 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). However, the underlying loans will count against the borrower’s aggregate loan limit.

3.4 Loan Verification Certification

Certification is the process which is used to convey a borrower’s underlying loan pay-off information to the prospective consolidation lender. For administrative convenience, FSA may delegate to the PCAs the authority to complete Loan Verification Certificates (LVCs) from the federal loan servicers FSA contracts to consolidate federal student loans (federal consolidators).

3.4.1 LVC Signing Authority

Each PCA must designate one or more officials who have authority to sign LVCs. These authorized officials must sign the “Acknowledgment of Certification Responsibilities” affidavit (see Appendix A.) and return it to FSA. (See 23.0 – CONTACTS for specific contact information.) Only these PCA officials will be authorized to sign an LVC. The PCA must advise FSA in advance of any changes in these personnel, and FSA reserves the right to deny this authority to any individual or to revoke this authority as warranted.

3.4.2 DMCS Updates

DMCS must be properly updated at the time an LVC is completed. The PCAs must:

- Certify an account for consolidation on the RehabConsolCompromise UDP. The instructions on what needs to be done can be found in the DMCS PCA User Manual, chapter “Consolidation Certification”. Once this is complete, the Consolidation ETL will run to process the consolidation and record the PCA commission.
- Annotate the certified balance, projected payoff date and lender on Historical Events screen at the time of certification as demonstrated in the following EXAMPLE:

CERT FOR NELNET CONS: \$5000.00 THRU 1/31/15

3.5 FAST-TRACK PROCEDURES

Fast-Track is a special process established to allow for streamlined consolidation through the Direct Loan Program of borrowers in the DRG portfolio. FSA reserves the right to terminate Fast-Track as a whole or to exclude any agency from participation in Fast-Track, either temporarily or permanently. FSA also reserves the right to limit the number and kinds of accounts submitted through Fast-Track.

Participation in Fast-Track is voluntary; PCAs may choose not to participate. PCAs that choose to participate MUST:

- Identify good candidates for Fast-Track, including identifying candidates that would be better served by standard consolidation or rehabilitation.
- Counsel prospective applicants on the advantages, ramifications and responsibilities of taking out a Direct Consolidation Loan, including recommending standard consolidation or rehabilitation, if it would be more beneficial to the borrower.
- Prepare the application materials for borrower review and signature.
- Review signed application materials prior to submission to Direct Loans.
- Submit application materials to Direct Loans.
- Respond to errors on application materials.
- Track the progress of submitted applications and follow-up with borrowers.

What follows is a detailed description of each phase. Checklists which summarize the requirements for each of the steps in Fast-Track are included in the Appendices for this chapter.

3.5.1 Identifying Good Candidates for Fast-Track

FSA has made significant investments to analyze the borrowers who have consolidated in order to determine what factors contribute to success after consolidation. Most of the consolidation requirements outlined in the contract are the result of these analyses. In addition, we feel that PCAs can evaluate good candidates and help borrowers succeed through effective pre-consolidation counseling. What follows are some suggestions for helping borrowers achieve success after consolidation:

- Employ other analytic tools, such as credit scoring, to identify good candidates.
- Evaluate borrower motives for consolidation. Consolidation is not a good option for borrowers to clean up their credit report; the PCA must discuss rehabilitation as an alternative to consolidation.

In order to qualify for Fast-Track, a borrower must have met all contractual, statutory and regulatory requirements for consolidation.

The following are not eligible for Fast-Track:

- borrowers in wage garnishment (i.e., for whom a wage garnishment payment has been received in the preceding 90 days);
- program overpayments (dPOVR debt-level tag on DMCS);
- borrowers that are currently applying for another consolidation;
- joint consolidation loans are not eligible for any form of consolidation; and
- loans outside the DRG portfolio.

Only loans in the DRG portfolio are eligible for Fast-Track consolidation; after the Fast-Track consolidation has been effected, though, borrowers may apply to have eligible loans held by other lenders included in the consolidation. Borrowers have up to 180 days to add other loans.

3.5.2 Counseling Borrowers on the Advantages, Responsibilities and Ramifications of Consolidation

The PCA must fully counsel borrowers on consolidation. The Direct Loans publication “Borrower’s Rights and Responsibilities”, which the PCA must send to every Fast-Track borrower, is an excellent summary of topics to discuss with borrowers. The PCA must clearly advise the borrower that:

- A consolidation loan is a new loan.
- Only DRG-held debts are eligible for Fast-Track consolidation; after the Fast-Track consolidation has been effected, though, borrowers may apply to have eligible loans held by other lenders included in the consolidation. Borrowers have up to 180 days to add other loans. The PCA must help the borrower identify additional eligible loans to be added to the consolidation.
- 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.” Alternatively, rehabilitation removes the record of default on the credit bureau report.
- By consolidating, all interest, as well as collection costs will become the principal balance of their new loan-- thus, interest accruals on their consolidation loan may be higher than on their defaulted loans.
- Upon consolidation, the underlying loans will no longer prevent the borrower from receiving additional Title IV financial aid. However, the underlying loans will count against the borrower’s aggregate loan limit and other defaulted loans that are not held by ED may still prevent the borrower from receiving additional title IV aid.
- Borrowers who experience a change in financial circumstances can change plans or can secure a variety of deferments and forbearances to avoid delinquency.
- The PCA must counsel borrowers on the many methods for avoiding delinquency:
 1. Most importantly, borrowers must contact their federal loan servicer if they cannot make their payment for any reason.
 2. Borrowers may select one of the various repayment plans designed to meet their financial needs:
 - * Standard: monthly payment is based on a 10 to 30 year amortization of the new consolidation based on the amount borrowed.
 - * Graduated: monthly payments are small at first and gradually increase every two years. Maximum repayment period ranges from 10 to 30 years depending on amount borrowed.
 - * Extended: fixed or graduated monthly payment based on up to a 25 year amortization of the loan amount. The borrower must have more than \$30,000 in Direct or FFEL loans.
 - * Revised Pay As You Earn: monthly payment is generally equal to 10% of the borrower’s discretionary income, divided by 12.
 - * Pay As You Earn: monthly payment is limited to 10% of the borrower’s discretionary income divided by 12.
 - * Income-Based Repayment (IBR): monthly payment is limited to 15% of the borrower’s discretionary income divided by 12.
 - * Income-Contingent Repayment (ICR): monthly payment is based on the borrower’s income and debt size; payments may be calculated as low as \$0.¹
 3. If needed, borrowers may use deferments and forbearances to address temporary changes in their financial circumstances.

¹ PCAs may use FSA’s repayment estimator (www.studentaid.ed.gov/repayment-estimator) when counseling borrowers.

3.5.3 Preparing Application Materials for Borrower Signature

Fast-Track PCAs must complete all loan consolidation application documents and must only require that the borrower sign and date the forms. The PCA must instruct the borrower to return all application materials to the PCA – not to the federal consolidator.

Required Forms

Each PCA will be provided .pdf versions of all Direct Loan application documents. PCAs must print copies of these documents at their own expense. Before printing such documents, the PCA must ensure that their Fast-Track identification number (the PCA’s “AG” number, unless otherwise stated) is printed in the upper right corner of each document so that federal consolidators can easily identify stray documents as Fast-Track and to return incomplete documents to the correct PCA.

Form	No. Pages	Non-IDR Borrowers	IDR Borrowers
Borrower's Rights and Responsibilities	2	X	X
Application Form/Promissory Note	4	X	X
Repayment Plan Request Form	5	X	
Income-Driven Repayment Plan Request	12		X

Edit Requirements

The PCA must strictly adhere to the edit requirements listed in the appendices of this chapter. PCAs with persistently high rejection rates are subject to exclusion from Fast-Track.

Application Form /Promissory Note

Tips completing the application form/promissory note:

- *Section A:* Either a work or home phone number.
- *Section A:* A physical address (in addition to a P.O. Box, if the mailing address is a P.O. Box)
- *Section C:* List all the borrower loans and mark as “not to be consolidated” those loans that the borrower does not wish to consolidate (e.g., because they do not wish to lock in a fixed interest rate) or which cannot be consolidated through Fast-Track (e.g., because they are held by another loan-holder).

Direct Loans needs to know the borrower’s total educational indebtedness to calculate payment amounts for various plans.

The loan-holder address and phone number for loans held by ED must be *exactly* as follows:

DRG - US Department of Education
PO Box 4169
Greenville, TX 75403-4169
(800) 621-3115

- *Section C:* For loan type, use the corresponding one-letter Direct Loans Code:

Program	Loan Type	DMCS Abbreviation	Direct Loan Code
Direct Loans	Direct Subsidized Stafford ²	STAF	D
	Direct Subsidized Consolidation	CONS	E
	Direct Unsubsidized Stafford	STAFF	L
	Direct Unsubsidized Consolidation	CONS	K
	Direct PLUS Loans for Graduate/Professional Students	PLUS	I
	Direct PLUS Loans for Parents	PLUS	U
	Direct PLUS Consolidation	CONS	V
FISL	Federally Insured Student Loan ³	FISL	C
GSL	Subsidized Federal Stafford	STAF	A
	Guaranteed Student Loans		B
	Unsubsidized Federal Stafford	STAF	G
	Unsubsidized Federal Consolidation	CONS	J
	Subsidized Federal Consolidation	CONS	O
	Supplemental Loan for Students	SLS	H
	Auxiliary Loan to Assist Students	ALAS	P
	Federal PLUS Loans for Graduate/Professional students	PLUS	S
	Federal PLUS Loans for Parents	PLUS	T
Health Professional Loans	Health Professions Student Loans (HPSL)		Q
	Health Education Assistance Loans (HEAL)		R
	Nursing Student Loans (NSL)		Y
NDSL	National Direct Student Loan	I	M
	National Defense Student Loan	E	N
	Federal Perkins Loan	P	F
	Loans for Disadvantaged Students (LDS)		Z
	Educations Loans Ineligible for Consolidation		W

² The Highest Priority Tags in the Debt Summary Pane and in the DebtInfo UDP screens display a subsidization indicator for Direct Stafford Loans.

³ Be sure to check the Debt Type Reference and the DebtInfo UDP for any FISL. Some "FISLs" are actually GSLs—usually GSLs that were rehabilitated by SallieMae and then re-defaulted.

- *Section F: Original signature and signature date from the borrower.* Borrowers must also complete a separate Repayment Plan Request or the Income-Driven Repayment Request form.
- *Page 3 through 9: PCAs MUST send these disclosures to the borrower AND the federal consolidator.*

3.5.4 Reviewing Signed Applications

Once the borrower returns the signed application materials to the PCA, the PCA must review the forms to ensure that the borrower has not changed any information and that the application materials are complete and accurate. If necessary, PCA must prepare new forms for the borrower to sign.

3.5.5 Submitting Application Materials to Direct Loans

Prepare an LVC

Once the PCA has reviewed the application materials for accuracy and completeness, the PCA must complete a Direct Consolidation LVC. Only the OMB-approved certification form is acceptable. PCAs should establish a computerized method for completing the electronic LVC to avoid errors.

Timing Fast-Track Submissions

Each PCA will be subject to a cap on the number of applications they may submit through Fast-Track each week. Accordingly, the Fast-Track week begins on Monday and ends on Saturday—any applications *received* by the federal consolidators during that time period will count toward the weekly limit. Any applications received beyond the cap amount will be returned to the PCA unprocessed—they will not be held over for the next week's processing.

PCAs must pace their submissions during the week to allow for smoother processing; the federal consolidators prefer to receive approximately 20% of a PCA's total submissions each day.

Forms to be Submitted

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

Form	No. Pages	Non-IDR Borrowers	IDR Borrowers
Application Form	4	X	X
Repayment Plan Request Form	1	X	
Loan Verification Certificate	1	X	X
Income-Driven Repayment Plan Request Form	4		X
Supporting Documentation for IDR Requests			X

Daily Submissions and the Transmittal Manifest

The PCA may transmit all of the applications submitted on a given day to the federal consolidator in a single express delivery parcel. PCAs should use an express delivery service track shipments and record transmissions. See 23.0 – CONTACTS for federal consolidator contact information for Fast-Track submissions.

When application packages for multiple borrowers are being transmitted together, the PCA must paper-clip or rubber-band together the documents of each application package (i.e., all the forms and documentation supporting one borrower’s application) and must cover the application package with a manifest sheet that lists the borrower’s SSN and the forms included for that borrower.

The manifest form itself is not an official form, and PCAs are free to create their own, so long as it is acceptable to the federal consolidators. What follows is a facsimile of a sample manifest sheet:

PCA Name
 PCA Fast Track Number
 Date Submitted
 Number of Packages in this Transmittal

Borrower		Federal Consolidator						
SSN	Borrower Name	Application Prom Note	Repay Request	IDR Request	LVC	Supporting Documents	Accept or Reject	

The federal consolidators are required to confirm that they have received each manifest within 24 hours of receipt. If the PCA does not receive such confirmation, the PCA must follow up with the federal consolidator and if necessary, the shipper. PCAs must retain these transmittal acknowledgments in the event future discrepancies arise.

3.5.6 Errors on Application Materials

If a form is incomplete or an entry fails the edit criteria, the entire application package is returned to the PCA for handling. The appendices of this chapter detail when the PCA may change items on the form, ask the borrower to initial changes, and when the entire form must be completed again.

Resubmitting Corrected Applications

Once an application package has been corrected, the PCA must resubmit it to the federal consolidator for processing. For example, if a PCA submits the maximum 100 new applications, the PCA may still send additional resubmissions.

The PCA must use a separate manifest for resubmissions.

3.5.7 Tracking the Progress of Fast-Track Submissions and Follow-up with the Borrower

Once an application package has been submitted, the PCA must monitor the daily posting reports to ensure that it funds within a reasonable timeframe. Currently, it is reasonable to expect a non-IDR application to fund within 30 to

business days of submission; an additional two weeks should be allowed for IDR applications. PCAs must report chronic delays of entire bundles to FSA (See 23.0 – CONTACTS for specific contact information.) If all but a few applications from a given package fund, the PCA must follow up with the federal consolidator’s Fast-Track point of contact on the status of the applications which did not fund.

Borrower Follow-Up

PCAs must ensure borrowers making their voluntary payments until the consolidation payment posts. Once the consolidation payment posts, PCAs must contact borrowers to ensure a smooth transition to Direct Loans.

3.5.8 Post Fast-Track Submission and Funding Issues

Funding Inquiries

Typically, the payoff for a Fast-Track application should post to DMCS within about three weeks of when it is sent to DRG-Department of Education.

- Once processing is completed on a Fast-Track application package, the new consolidation loan will then be created (in Consolidation terminology “booked” or “funded”).
- The funding/booking process or cycle is usually run twice a week (Mondays and Thursdays), and all applications are picked up during the first cycle run after they become eligible.
- Payoffs by federal consolidators are sent electronically via REX along with a payoff manifest.

If funding for a particular application or for a group of applications appears to be delayed, PCAs must initially contact the federal consolidator to determine if/when the application(s) in question was/were funded. In most cases, the missing payoff is the result of pre-funding edit issues or systemic lags between funding and posting described above.

If none of the payoffs associated with a given payoff manifest have posted to DMCS, the federal consolidator can and should check to see when or if the payoff was processed. PCAs must wait five working days before making further inquiries. After five working days and the payoff has apparently not been processed, PCAs must report this to the designated consolidation contacts in DRG.

If some but not all accounts associated with a payoff manifest have posted, this is an indication that the unposted payment has either been applied to the wrong account or has posted to suspense for some reason. PCAs must report this to the designated consolidation contacts in DRG. Occasionally, the payoff manifest contains the wrong SSN or Debt ID, or it lists a spouse’s SSN in addition to the primary borrower’s.

New Loans Loaded after Consolidation

Occasionally, Fast-Track borrowers have loans that are not held by ED, and those loans are assigned to ED after an account has been consolidated through Fast-Track. PCAs may arrange to have the new loans added to the consolidation loan; the procedures for doing so will differ depending on how much time has elapsed since the consolidation loan was booked.

Requirements for all borrowers wishing to add a new loan

- Borrowers must make qualifying payments toward the new defaulted loan being consolidated; the same payment rules apply in this situation as in the original consolidation – but the consolidation balance here

does not include the balance of the Direct Consolidation Loan, only the defaulted loan being held by the PCA.

- New loans that are added to an existing consolidation, under either of the procedures described below, do not count against a PCA's weekly cap. In any week, a PCA may submit as many first-time consolidation applications as the cap allows, and an unlimited number of supplemental loans in addition to that.

If less than 180 Days has lapsed since consolidation loan was booked

Within the first 180 days after a consolidation loan has been booked, the borrower may add additional loans to the consolidation. The 180-day "clock" begins on the date the loan is booked. The federal consolidator must receive the required paperwork, described below, within 180 days of that date. All qualification requirements, described above, must have been met before any paperwork can be submitted.

- To add a new loan to an existing Direct Consolidation loan, the PCA must prepare the form "Federal Direct Consolidation Loan Request to Add Loans", and must have the borrower sign this form.
- The PCA must then submit this form and a completed LVC to the federal consolidator. In the "comments" area of the LVC, the PCA must write "supplemental loan to existing consolidation."
- On the day of certification, the PCA must document the DMCS Historical Events window as required for all consolidations, and must annotate a separate line that reads exactly and exclusively "approved for consolidation".
- The PCA must then submit these forms along with regular Fast-Track submissions and list them on the submission manifest.

If more than 180 days has elapsed since consolidation loan was booked

In these instances, the PCA must create an entirely new Fast-Track application package must be created, which lists both the new loan and the existing consolidation loan. The borrower must provide a recent billing or balance statement from the federal consolidator which the PCA must use to complete the relevant sections of the application form.

- The PCA must include a copy of the borrower's Direct Loan billing or balance statement with the Fast-Track package.
- In the comments section of the LVC, the PCA must state "supplemental funding – new loan".
- The PCA must submit these forms along with regular Fast-Track submissions and list them on the submission manifest.
- On the day of certification, the PCA must document the DCMS Historical Events window as required for all consolidations, and must annotate a separate line that reads exactly and exclusively "approved for consolidation".

3.5.9 Borrowers Who Apply Directly for Consolidation

Borrowers can, and occasionally do, apply for consolidation directly without the PCA's knowledge or assistance. PCAs are able to access the ad hoc report, RPCA43 – PCA Certification Report, which will display borrowers who have been certified (manually or electronically) for consolidation by the federal consolidator.

3.0 – 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 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 Federal Student Aid’s Default Resolution Group (DRG). I confirm that I have a thorough knowledge of DMCS 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 DMCS 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 _____

3.0 – Appendix B – FAST-TRACK CHECKLIST

Before Recommending Fast-Track

- All included debts are eligible for consolidation
- Borrower appears to be a good candidate with low risk of delinquency and default after consolidation
- Borrower does not desire complete removal record of default from credit bureau report
- Borrower is not in garnishment
- Borrower does not have a judgment
- Borrower has not raised a borrower defense
- Borrower does not have a joint consolidation loan

Before Sending Application Material

- PCA counseled borrower on rehabilitation as an alternative and discussed ramifications and disadvantages of Fast-Track consolidation
- PCA instructed borrower to contact his/her servicer if they cannot make payments for any reason.
- PCA counseled borrower on the various repayment plans available

Application Materials to Be Sent

Form	No. Pages	Non-IDR Borrowers	IDR Borrowers
Borrower's Rights and Responsibilities	2	X	X
Application Form/Promissory Note	4	X	X
Repayment Plan Request Form	5	X	
Income-Driven Repayment Request Form	12		X

Before Certifying Borrower as Eligible for Consolidation

- Borrower has made all qualifying payments regularly and on time
- Borrower has been counseled on the ramifications and disadvantages of consolidation
- Borrower is not applying for consolidation with another lender
- No wage garnishment payment has posted in the past 90 days

Certification Checklist

- All loans listed as “to be consolidated” on the application are on the LVC
- Only eligible loans are on the LVC
- All loans have been confirmed not to be consolidation loans
- Borrower is consolidating at least one Direct, FFEL or FISL (account is not comprised solely of Perkins/NDSL type loans)
- No POVRs are listed on the LVC

Documents to be Submitted to the Federal Consolidators

Form	No. Pages	Non-IDR Borrowers	IDR Borrowers
Application Form/Promissory Note	4	X	X
Repayment Plan Request Form	1	X	
Loan Verification Certificate	1	X	X
Income-Driven Repayment Plan Request Form	4		X
Supporting Documentation for IDR Requests			X

3.0 – Appendix C – FAST-TRACK PROCESSING CHECKLIST

Date Received		Borrower Name	
Private Collection Agency Name		Borrower SSN	
PCA Code			
Servicer Reviewer			
Date Reviewed		ACCEPT/REJECT	

#	Step	Accept	Reject
1	Is this borrower included on the Manifest Transmittal?		
2	Is the Agency Code included on every page of the packet?		
3	Are all field modifications made approved per Appendix F of the PCA Fast-Track Procedures? (shown at the end of the checklist) Can be Altered Codes: <ul style="list-style-type: none"> • I = Requires Borrower Initials • Y = PCA Can Alter • N = Cannot be Altered 		
4	Does the Fast Track packet include all required forms? <ul style="list-style-type: none"> • Application - verify packet includes the new application. • LVC • Verify the packet includes the new Repayment Plan Request form unless an IDR plan is selected. • Verify if borrower selected IBR, ICR or PAYE that the new Income Driven Repayment Request is included. • Verify that the Loan Types and corresponding Account Numbers match between the Application and the LVC. Note: the number of individual loans on the App/LVC does not need to match the number of loans on NSLDS. • If loans types do not match, correct the Application and LVC loan types to correspond with NSLDS. Initial the corrections and write "Per NSLDS". 		
5	Does the application include the following: Section A: <ul style="list-style-type: none"> • First and Last Name • Physical Address • Social Security Number • Date of Birth 		
6	Section B: <ul style="list-style-type: none"> • 2 Valid references with different addresses and do not live with the borrower or outside of the U.S. (P.O. Boxes are allowed) 		

7	Section C:		
	<ul style="list-style-type: none"> Verify Loan Type, Loan Holder, Loan Account Number and Estimated Payoff are all included (includes additional loan sheet). 		
8	Section F:		
	<ul style="list-style-type: none"> Verify the borrower signed the application. Per FSA, if corrections have been made to the Signature Date, the borrower is not required to initial this change – the PCA is required to date stamp and countersign the change to the Signature Date. If the time stamp is more than 180 days old – Reject. If the time stamp is within 180 days – Accept. If Signature Date is older than 180 days, but time stamp from the PCA is within 180 days is acceptable. 		
9	Standard Repayment Plan and Graduated Repayment Plan		
	Eligibility:		
	<ul style="list-style-type: none"> Is the loan a FFEL or DLP Loan (See loan types below for reference) <ul style="list-style-type: none"> Subsidized Loans Unsubsidized Loans Parent PLUS Loans Grad PLUS Loans SLS Loans Consolidated Loans 		
10	Extended Repayment Plan – Fixed and Graduated		
	Eligibility:		
	<ul style="list-style-type: none"> Is the loan a FFEL or DLP Loan (See loan types below for reference) <ul style="list-style-type: none"> Subsidized Loans Unsubsidized Loans Parent PLUS Loans Grad PLUS Loans SLS Loans Consolidated Loans 		
	Requirements:		
	<ul style="list-style-type: none"> Loans cannot have outstanding pre 10/07/1998 disbursements. Borrower must have \$30,000.00 in unpaid principal plus interest. If we do not have loans equaling \$30,000.00 go to NSLDS and add all OPB (Outstanding Principal Balance) amounts of non-serviced loans in the borrower’s name. 		
11	PAY AS YOU EARN (PAYE)		
	Eligibility:		
	<ul style="list-style-type: none"> Is the loan a DLP Loan? (See loan types below for reference) <ul style="list-style-type: none"> Subsidized Loans Unsubsidized Loans Grad PLUS Loans SLS Loans Consolidated Loans that do not contain an underlying Parent PLUS Loan 		
	Requirements:		

	<ul style="list-style-type: none"> Borrower must not have an outstanding disbursement on a Direct Loan or FFELP Loan as of 10/01/2007 or have no outstanding disbursement on a Direct Loan or FFELP Loan when they obtain a new loan on or after 10/01/2007. 		
	<ul style="list-style-type: none"> Borrowers must not have a Direct Consolidation Loan that includes a loan that had an outstanding disbursement as of 10/01/2007 		
	<ul style="list-style-type: none"> Borrower must sign the application. 		
12	<i>INCOME CONTINGENT REPAYMENT (ICR)</i>		
	Eligibility:		
	<ul style="list-style-type: none"> Is the loan a DLP Loan? <i>(See loan types below for reference)</i> <ul style="list-style-type: none"> Subsidized Loans Unsubsidized Loans Grad PLUS Loans Consolidated Loans that contain a Parent PLUS Loan disbursed on or after 07/01/2006 		
	<ul style="list-style-type: none"> Borrower must sign the application. 		
13	<i>INCOME BASED REPAYMENT (IBR)</i>		
	Eligibility:		
	<ul style="list-style-type: none"> Is the loan a FFEL or DLP Loan? <i>(See loan types below for reference)</i> <ul style="list-style-type: none"> Subsidized Loans Unsubsidized Loans Grad PLUS Loans SLS Loans Consolidated Loans that do not contain an underlying Parent PLUS Loan 		
	<ul style="list-style-type: none"> Borrower must sign the application. 		
	<p>Did the borrower include one of the below approved supporting documentation for IDR?</p> <ul style="list-style-type: none"> Current year federal tax return (1040 form or Tax Transcript from the IRS – must show AGI (adjusted gross income) – cannot accept state or local tax returns – must be federal. If current year is not available, the previous year tax return is acceptable. Pay Stubs from employer from within the last 90 days (documents must show gross income, not net income) and must provide pay period/pay frequency to calculate AGI. Income verification/certification letter from employer must indicate the borrower’s gross income on a weekly, monthly, or annual basis. Letter from employer must be signed and dated on official company letterhead. W2 forms can only be accepted from January 1st thru March 31st of any given year. Unemployment benefits (w/in last 90 days) Social Security income (w/in last 90 days) Disability pay/Workers Compensation Pay 		

	<ul style="list-style-type: none"> When determining if borrower qualifies for IBR use only loans on Consolidation application. If borrower has Parent Plus loans that are not going to be part of the new consolidation, the borrower would still qualify for IBR. If the borrower is consolidating a previously consolidated loan, as long as none of the underlying loans are Parent Plus loans, the borrower would still qualify for IBR. 		
15	Section 1		
	Is the Loan Holder Type selected?		
	<ul style="list-style-type: none"> Is the Name of the Loan Holder Populated? 		
16	Section 3		
	Are the Borrower's Name, SSN, and Address populated?		
17	Section 4		
	Is the Certification Date populated?		
18	Section 5-17 (Required Fields shown below)		
	Is the Account Number populated?		
	<ul style="list-style-type: none"> Is the Loan Type populated? 		
	<ul style="list-style-type: none"> Is the Interest Rate populated? 		
	<ul style="list-style-type: none"> Is the Principal Balance Outstanding populated? 		
	<ul style="list-style-type: none"> Is the Interest through Certification Date populated? 		
	<ul style="list-style-type: none"> If the Collection Costs are included, are they within 18.5% of the total principal and interest? 		
	<ul style="list-style-type: none"> Does the Total Due equal the Prin+Int+Fees+Coll Costs 		
	<ul style="list-style-type: none"> Is the First/Only Disb Date populated? 		
	<ul style="list-style-type: none"> Is the Completion Date populated? 		
	<ul style="list-style-type: none"> Is the Loan Status Code populated? 		
	<ul style="list-style-type: none"> Does the Total Payoff Amount equal all Total Due Amounts on LVC if populated? 		
	<ul style="list-style-type: none"> Is the LVC Signed/Stamped by an Authorized Official? 		

<u>SECTION FOR REFERENCE ONLY</u>			
IDR Income items considered for the AGI calculation:			
	<ul style="list-style-type: none"> Regular "Fed Taxable Gross" on pay stub (this is the best figure to use when calculating AGI) Commission Stipend Tips Shift differential Holidays 		

	<ul style="list-style-type: none"> • Vacation/PTO • Disability Pay/Workers Compensation Pay • Sick Leave • Vocational <p>IDR Income items <i>not considered</i> for the AGI calculation:</p> <ul style="list-style-type: none"> • Overtime/double time/time and a half • Pre-tax (PT)/before tax • Retro pay • Any bonuses (BON) • Any incentives (INCT) • Any awards/rewards • Gain share • Allowances (housing, cell phone, car, etc.) • Allotments • Interest/dividends • Any type of reimbursement 		
--	--	--	--

To determine PAYE eligibility, NSLDS loan status codes with an open balance need to be verified when in the following status:

- | | |
|-----|-----|
| •AL | •DZ |
| •BK | •FB |
| •DA | •FR |
| •DB | •IA |
| •DF | •ID |
| •DI | •IG |
| •DL | •IM |
| •DO | •IP |
| •DS | •RP |
| •DT | •UA |
| •DU | •UB |
| DX | VA |

3.0 – Appendix D – FAST-TRACK EDITS CHECKLIST

Please Note: The Edits Checklist is being revised to correspond with the new Consolidation Application that is scheduled for release Summer 2016.

3.0 – Appendix E –CONSOLIDATION OVERVIEW LETTER

Collector Logo, Address, Etc.

Collector Name: «collector_name»

Collector Phone: «collector_phone»

Main Line: 888-335-6267

«letter_date»

«business_segment»-«letter_id»

debtor_name _test

address_line1 _test

address_line2 _test

address_line3 _test

address_line4 _test

Claim of: «client1_name»

Account No: «client_ssn»

Balance: \$«debtor_total_balance» as of: «debtor_as_of_date»

Collector Acct#: «pfmt_did»

Dear «debtor_name»:

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 are disabled.

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 Total and Permanent Disability (TPD) discharge of their student loans. A borrower may meet eligibility requirements via a physician certification, Veteran Administration (VA) determination, or Social Security Administration (SSA) determination. If you think you may qualify for a TPD discharge now, then you should apply for a disability discharge, and consider a consolidation loan only after the Department of Education (ED) rules on your application. (For more information, or a TPD Application, go to: www.myeddebt.ed.gov; or contact us at the toll free number on this letter.)

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 that consolidation loan, regardless of any objections you have to repaying the student loans you now owe that may be paid off by that consolidation loan. With limited exceptions for borrowers who attended closed schools, who are owed unpaid refunds, 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 balances of the loans paid off by that consolidation loan. ED incurs a collection cost when defaulted loans are paid off through a Consolidation Loan, and passes that cost on to the borrower. The principal of the Consolidation Loan is therefore the amount needed to pay off all principal and interest outstanding on the loans being paid off, as well as an amount needed to defray these collection costs. As a result, interest will accrue on a higher principal balance. The interest rate on your Direct Consolidation will be 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.

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.

As of the date of this letter, you owe the balance reflected. Because of interest and other charges that may vary from day to day, the amount due on the day you pay may be greater. Hence, if you pay the amount shown above, an adjustment may be necessary after we receive your check, in which event we will inform you. For further information on your balance, write to <Collector Name> or call the toll-free number provided above.

This is an attempt to collect a debt by a debt collector, and any information obtained will be used for that purpose.

SEE THE REVERSE SIDE FOR IMPORTANT INFORMATION.

4.0 COMPROMISES AND STANDARD REPAYMENT

(Note: This chapter should be held back from public release.)

4.1 Compromises

A compromise is when the PCA negotiates an approved payment amount with the borrower that satisfies a large portion of the balance owed. The negotiated payment amount must be paid within 90 days of the date of the approved compromise.

There are three types of compromises (a.k.a., “settlement” or “settlement in full”) a PCA may offer:

- Standard
- Discretionary
- Non-standard

Compromise must not be offered as the first option in collection negotiations.

If a borrower agrees to and completes a compromise, the PCA should inform the borrower that he/she:

- will receive an agreement letter outlining the terms of the compromise;
- will receive a 1099 if the principal balance of \$600 or more was written off;
- may be subject to paying taxes on lesser amounts written off; and
- should consult a tax professional for further information.

For all compromise types the PCA is responsible for:

- properly calculating the compromise (see DMCS Private Collection Agency Manual, Chapter “Payoffs”);
- updating DMCS Settlement window/Compromise UDP and notepad. (Instructions can be found in DMCS Private Collection Agency Manual, Chapter “Payoffs”);
- sending the borrower an approved compromise responsibilities/agreement letter with the debts included in the compromise listed on it (sample wording for agreement in 4.0 Appendix C); and
- following up on any paid compromises to ensure the account is properly closed.

4.2 Standard Compromises

PCAs must negotiate the highest compromise payment possible, applying one of the following three minimum compromise amount formulas:

Example:	\$2,500.00 Principal	\$1,000.00 Interest	\$875.00 Projected Costs
PRINCIPAL + INTEREST (all collection costs waived)	PRINCIPAL + 50% INTEREST (all collection costs waived)	90% (PRINCIPAL + INTEREST) (all collection costs waived)	
Minimum compromise amount: \$3,500.00	Minimum compromise amount: \$3,000.00	Minimum compromise amount: \$3,150.00	

4.3 Discretionary Compromise

If the borrower offers an amount smaller than a standard compromise amount, the PCA must request approval by FSA staff before agreeing to the discretionary compromise. (See Appendix A – Discretionary Compromise Coversheet and Chapter 20 – eIMFs). The PCA should receive a response to the discretionary compromise request within 10 days of

4.3.1 Documentation and evaluation

The PCA must request the borrower to provide following documentation:

- letter justifying the offer; and
- if the borrower claims financial hardship, the PCA must also request:
 - financial information (see 4.0 – Appendix B – Discretionary Compromise: Borrower’s Financial Profile)
 - current pay stubs equal to one month’s salary, or verification of unemployment;
 - copy of most current tax return and copies of W-2s; and
 - other supporting documentation. (e.g. proof of any extraordinary expenses claimed)

The PCA must evaluate the documentation and determine whether the PCA agrees to the discretionary compromise.

4.3.2 FSA Approval

The PCA must request FSA approval of the discretionary compromise. The PCA must:

- Forward the complete discretionary compromise package via eIMF to FSA for review and approval/disapproval, including:
 - Discretionary Compromise Coversheet (see Appendix A);
 - borrower’s credit report; and
 - copies of all financial documentation.
- Document the DMCS Historical Events window with the following notation:
DISCRETIONARY COMP SUBMITTED FOR REVIEW: \$xxxx.xx (first initial and last name)

FSA will notify the PCA if the compromise is approved, disapproved, or if FSA is making a counter-offer.

4.4 Non-Standard Compromise with “Net-back”

PCAs may agree to no more than 6 (for unrestricted PCAs) or 3 (for small business PCAs) non-standard compromises on a quarterly basis that are less than standard compromises and are not approved by FSA. The PCA must pay (net-back) the difference between the amount FSA recovers from the non-standard compromise and the amount FSA *would have* recovered from the standard compromise.

The PCA must notify the FSA Contracting Officer via email when a non-standard compromise is offered.

4.5 Account Closure

PCAs must follow-up on any paid compromises to ensure the account is properly closed.

When a compromise is completed, there should be a balance adjustment within 10 days of the final payment that brings the total balance for that account(s) to zero. Once this step is completed, FSA’s automatic queries should identify a paid compromise. FSA will:

- recall the account from the PCA;
- send the borrower a paid compromise letter; and
- write off the remaining balance.

If the balance is not adjusted to zero in 10 business days, or if the account has not been recalled within 5 business days, the PCAs must review the account to see if it was a:

- PCA error, such as taking a compromise payment prior to documenting the compromise, not documenting the compromise correctly, etc.
- non-conforming compromises where it is in the best interest of the government to accept a compromise that is paid one day late, or underpaid by a very small amount. (In such instances, the PCA must seek guidance from FSA.)
- Both of the above issues could cause an account to not be identified for a balance adjustment or recall. If neither of the above is true and the account did not get reduced to zero, the PCA needs to open a ticket with the help desk at DMCSHelpdesk@dmcs.ed.gov explaining that the borrower has completed a compromise and the account balance has not been adjusted to zero.

4.6 Terms of Compromises

If the PCA makes any errors in processing the compromise, the PCA may lose the commission on the compromise payment.

4.6.1 Form of payment

For compromises, PCAs must only accept certified funds:

- cashier's check, money order, or certified personal check; or
- credit/debit cards are acceptable, but if it is a 3rd party credit/debit card, the PCAs must annotate DMCS with the following note:

*****3rd Party cc taken for repayment**

4.6.2 Payment due date

PCAs must establish a deadline for receipt of the compromise payment within 90 days of the date the *approved* compromise was annotated on the DMCS Historical Events window. If it is known that a payment will be coming in after the 90-day deadline, the PCA must request an extension from FSA (see 23.0 – CONTACTS). Extensions should be rare occurrences.

4.6.3 Debt-level compromises

PCAs must only offer debt-level compromises under exceptional circumstances and only with FSA approval.

PCA must submit a request for debt level compromise under the eIMF subject Debt Level Compromise with a comment identifying the debt and the justification for the compromise.

FSA may approve a debt level compromise if desired actions on the account cannot be taken because of the status of a particular debt or debts.

Example: FSA may agree to compromise a debt with a judgment so that the remaining debts can be rehabilitated.

4.6.4 Documenting compromises

The PCA must document the DMCS Historical Events window as follows:

COMP APPROVED: \$XXXX.XX due mm/dd/yy.

4.7 **Compromises and Treasury Offset Payments**

PCAs must count a Treasury Offset Program (TOP) payment towards a compromise, if it effectively posts during the “life” of the compromise offer (90 days) and meets both of the following criteria:

- effective date or the posting date of the TOP payment is on or after the date on which the compromise agreement was made (as noted on the DMCS Historical Events window).
- effective date or the posting date of the TOP payment is earlier than or equal to the expiration date of the compromise (90 days from when the agreement is documented on the DMCS Historical Events window.)

4.7.1 Underpayment and overpayment

If a TOP payment underpays a compromise, the PCA must hold the borrower responsible for paying the remainder of the compromise amount by the due date.

If a TOP payment overpays a compromise, FSA will refund to the borrower any amount that exceeds the agreed-upon compromise amount, minus the Treasury offset fee.

The PCAs must initiate a refund review if TOP payments are received that overpay a compromise. This is a manual process.

4.7.2 Settled in Full letter

For borrowers who have satisfied the terms of a compromise agreement either in whole or in part by TOP payment, the PCAs must send a SIF letter request within 10 business days of the account being satisfied to the Default Resolution Group, via eIMF

4.7.3 TOP Reversal

If a TOP reversal (i.e., injured spouse claim) subsequently posts, the borrower is responsible for *the amount of the reversal*.

4.8 **Compromises and Administrative Wage Garnishment Payments**

PCAs must count an Administrative Wage Garnishment (AWG) payment toward a compromise if it effectively posts during the “life” of the compromise offer (90 days) and meets both of the following criteria:

- effective date of the AWG payment is on or after the date on which the compromise agreement was made (as noted on the DMCS Historical Events window).
- effective date of the AWG payment is earlier than or equal to the expiration date of the compromise (90 days from when the agreement is documented on the DMCS Historical Events window.)

4.8.1 Underpayment

If an AWG payment underpays a compromise, the PCA must hold the borrower responsible for paying the remainder of the compromise amount by the due date.

4.8.2 Overpayment

If an AWG payment overpays a compromise, FSA will refund to the borrower any amount that exceeds the agreed-upon compromise amount.

4.9 Standard Repayment Plan for Defaulted Loans

When PCA determines that the borrower is not eligible or does not want to participate in any other repayment options that are available to the borrower (e.g. compromise, rehabilitation, consolidation), the PCA must work with the borrower to negotiate a repayment schedule that is:

- mutually agreed upon;
- reasonable and affordable; and
- leads to a pay-off of the debt in a reasonable period of time through re-occurring payments.

Benefits to the borrower:

- If not already certified, the borrower can avoid tax offset by being on an approved plan.
- Borrower can avoid involuntary collections, such as AWG and Litigation.
- Borrower can apply for Title IV reinstatement as long as he/she meets all other requirements.

4.9.1 Standard Repayment Plan Agreement letter:

For repayment plans not established for the purpose of rehabilitation, compromise, consolidation, etc., a repayment plan agreement letter must be sent. The agreement letter:

- should include the monthly payment amount agreed to, 1st due date, and a list of the loans included in this repayment arrangement (see Appendix C); and
- should be sent once the monthly payment amount is established through one of the repayment options outlined below.

The borrower is not required to return the repayment plan agreement, but if the PCA receives a signed repayment plan agreement, the PCA must submit it for imaging (see 12.0 – WRITTEN CORRESPONDENCE) with no changes that were not mutually agreed to by the PCA and the borrower.

Also, if it is returned undeliverable, the PCA needs to obtain the new address and send a new Repayment Plan Agreement letter.

4.9.2 Standard Repayment Plan Options

The PCA must first attempt to negotiate one of the following options in the order outlined below:

1. **Option 1:** Repayment based on the current total balance (principal, interest and fees) of the borrowers loan(s).

The PCA can negotiate a monthly payment amount that should pay the borrower's defaulted student loan balance off up to the "Allowable Term" time frame described in the below chart:

Allowable Term	When the Total Balance is...
60 months (5 yrs)	\$50.01-\$10,000
120 months (10 yrs)	\$10,001-\$25,000
180 months (15 yrs)	\$25,001- \$40,000
240 months (20 yrs)	\$40,001+

The minimum monthly payment must be at least \$50.00 month, if the monthly payment over the allowable term for the total balance is less than this amount.

Though NOT required, an initial down payment may help the borrower reach account resolution more quickly or enable the borrower to afford the monthly payment amount.

If the borrower claims that they cannot afford the above option then the PCA can offer the following repayment option:

2. **Option 2:** Is a 6 month repayment plan based on the borrowers disposable income and the requirements below:

The PCA must then gather financial information, for both the borrower and their spouse (if applicable), to determine reasonable and affordable payments based on the household disposable income.

To determine monthly disposable income (monthly income less monthly expenses), the PCA must obtain a signed Financial Disclosure Statement (FDS) (see appendix D for example).

The PCA can obtain the financial information over the telephone prior to the return of the document (see chart below) in order to estimate the borrower's monthly payment amount.

Monthly Income	Total of Net Pay; Child/Alimony Support; public assistance; SSA; Workers Comp, etc.
Monthly Expenses	<ul style="list-style-type: none"> • FICA/OASDI (social security) or involuntary retirement or pension plan payments (such as for teachers/railroad retirement) that are not deducted from net pay; • Medicare & health insurance premiums (medical, dental, & vision) expenses not deducted from net pay; • utilities, food/housekeeping expenses, housing expenses, transportation expenses, clothing/personal care expenses; • basic communications; • dependent care/child support; • other Federal/private student loans; and • other applicable expenses, such as medical expenses not covered above

Monthly payment amount:

After using the FDS to determine the monthly disposable income, the PCA must attempt to negotiate the larger of the following monthly payments:

- the monthly amount the borrower has stated they can afford to pay; or
- at least 50% of the monthly disposable income.

If the monthly disposable income or 50% of the monthly disposable income is 0-\$4.99 then the payment has to be at least \$5.00. The payment may be more than \$5.00 only if borrower is willing.

If the monthly amount the borrower has stated they can afford to pay or the agreed monthly amount from the disposable income pays the borrowers account off based on the terms of Option 1, then the borrowers repayment plan should be based off of Option 1 and not Option 2 (e.g. the borrowers balance is \$5,000 & 50% of monthly disposable income is \$90 then the borrower is able to pay the balance off within the terms of Option 1 which would be 60 months)

The PCA must submit the signed Financial Disclosure Statement for imaging (see 12.0 – WRITTEN CORRESPONDENCE) with no changes that were not mutually agreed to by the PCA and the borrower.

6 month review:

The PCA must review the repayment plan and the borrower's financial status every 6 months to see if the payment calculation increased or decreased. Therefore a new FDS would need to be sent to the borrower to be completed for this review.

Once the FDS is returned, if a new payment amount is determined, and if the borrower agrees to the increase or cannot continue to make the amount they have been making and would like to make the new lesser payment, the PCA needs to:

- adjust the repayment schedule to the new amount.
- Send a repayment agreement.

4.9.3 Documenting information

Once an agreement is reached, the PCA must:

- annotate the DMCS Historical Events and the PCA's notepad with the repayment amount negotiated, the financial information gathered, and the payment standard applied.
- establish a payment schedule on DMCS (this action can stop the account from being certified for tax offset, see the requirements in section 8.2 Avoiding Certification for Tax Offset) which flags the account for monthly billing statements once the first payment is processed and the repayment plan agreement letter is sent. Instruction on how to accomplish this can be found in the DMCS Private Collection Manual, in the chapter for Voluntary Payments

Gratuitous payments do not constitute an agreed-upon repayment arrangement.

4.0 – Appendix A – Discretionary Compromise Coversheet

DISCRETIONARY COMPROMISE COVERSHEET

DATE: _____ AGENCY CODE: _____ SUBMITTED BY: _____
DMCS ID _____ DEBT ID: _____
BORROWER'S NAME: _____
EMPLOYER'S NAME: _____
EMPLOYER'S PHONE: _____

PCA DOCUMENTATION CHECKLIST

Offer Amount: \$ _____
_____ Borrower's Financial Profile
_____ Borrower's letter for justification of compromise
_____ Verification of unemployment
_____ Copy of current W2 Form and current year's tax return
_____ Last pay stubs for two pay period
_____ Credit Bureau Report
_____ Financial Statement-information

LOAN ANALYST REVIEW AND RECOMMENDATION

FSA Approved Amount \$ _____
Loan Analyst Concur/Approve _____
Loan Analyst Do Not Concur _____ Loan Analyst Counter Offer \$ _____
Senior Loan Analyst Concur/Approve _____
Senior Loan Analyst Do Not Concur _____ Senior Loan Analyst Counter Offer \$ _____
Branch Chief Concur/Approve _____
Branch Chief Do Not Concur _____ Branch Chief Counter Offer \$ _____
Approval of Regional Director: _____
Approval of Director: _____

COMMENTS:

Revised 4/26/2015

4.0 – Appendix B – Discretionary Compromise: Borrower’s Financial Profile

BORROWER’S FINANCIAL PROFILE

Name: _____

Account number _____

1. Health of Borrower – Example: The borrower was diagnosed with bipolar disorder in 1992, per a statement from her doctor. The borrower has not been able to maintain employment since then. She resides in an assisted-living home.
2. Income - Example: The borrower has not worked in 10 years.
3. Future Potential Income - Example: The borrower has no prospect of employment.
4. Inheritance Prospects - Example: There are no prospects for inheritance. The borrower's mother is giving her proceeds from the sale of her house to pay the loan.
5. Current Credit Report - Example: Only current credit is her Sister's credit card where she is an authorized user.
6. Current Borrower Financial Status - Example: The borrower is separated from her second husband and presently is living with her sister and mother. She has five children and receives \$600 per month child support. Of this amount, \$400 is used for food, etc., for her children and the rest go to help with utilities, and other household expenses.

Joint Tax return included - Example: The borrower has been separated from her present husband since June of 2002

Please note: Gratuitous payments do not constitute an agreed upon repayment arrangement
Revised 4/26/2015

4.0 – Appendix C – Compromise Agreement Letter

Compromise agreement letters *must list all debt ID numbers* and include the following language:

“This notice confirms our offer to accept \$ _____ as full settlement and satisfaction of your obligation on this debt. To take advantage of this offer, you must forward secured payment (payment in the form of certified funds, cashier’s check or money order) along with the detachable coupon on this notice at the address on that coupon. This payment must be received by _____.

If we do not receive payment within this time period, this offer will be voided and you will be responsible for the full amount of your account plus all penalties and fees that may be added.

Please note the following exceptions to this compromise: If your account has been reduced by offset of any funds owed you by state or federal government, and that offset is reversed for any reason in the future, this debt will be restored to the extent of that reversal, and you will be required to pay the amount of any reduction caused by a reversal of that offset. Additionally, if the Department is successful in offsetting any federal funds due you through the federal offset program before your payment is received, the offset will be credited to the amount owed on this compromise settlement of your account. Should any such offset result in an overpayment of the agreed upon settlement listed above, the Department will refund the overpaid portion directly to you.”

4.0 – Appendix D – Standard (non-AWG) Repayment Agreement Letters

For Option 1 of the Standard Repayment Plan, the agreement letter must have the following statement:

- “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>.

For Option 2 of the Standard Repayment Plan, the agreement letter must indicate that the repayment agreement is temporary and subject to periodic re-evaluation. The following is language to be included with the above statement for Option 1 repayment agreement letter:

- This agreement applies for the next 6 months. After 6 months you will be required to provide current financial information. Based upon this information your monthly payment amount may change.”

4.0 – Appendix E – Financial Disclosure Statement for Standard Repayment

Financial Disclosure Statement

- **Provide complete information about your family income, expenses, and assets.**
- **Complete all items.** Do not leave any item blank. If the answer is zero, write zero.
- **Provide documentation of all sources of income.** You must submit two (2) most recent pay stubs for yourself, spouse, and all sources of income in your household. You may submit last year's W-2's and 1040 Income Tax Filing as proof of household income. Failure to provide this information may result in a denial of your claim of financial hardship.

Income

Name: _____ Social Security No.: _____

Address: _____

Phone: _____

County: _____

Current Employer: _____ Date Employed: _____

Employer Phone: _____ Present Position: _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

***ENCLOSE A COPY OF YOUR TWO MOST RECENT PAY STUBS ***

ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING

Number of dependents: _____ (including yourself) Marital status: Married Single Divorced

Spouse's name: _____ Spouse's SSN: _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

***ENCLOSE A COPY OF THE TWO MOST RECENT PAY STUBS ***

ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING

Other contributing residents: _____ SSN: _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

***ENCLOSE A COPY OF THE TWO MOST RECENT PAY STUBS ***

ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING

Other Income

Child support: \$ _____ Weekly Bi-Weekly Monthly Other _____

Alimony: \$ _____ Weekly Bi-Weekly Monthly Other _____

Interest: \$ _____ Weekly Bi-Weekly Monthly Other _____

Public assistance: \$ _____ Weekly Bi-Weekly Monthly Other

Other: \$ _____ Describe: _____

Please State and Explain Amounts Deducted from your pay on pay-stubs:

Life Insurance \$ _____

Medical & Dental Insurance: \$ _____

401k: \$ _____

Retirement \$ _____

Child Support: \$ _____

Garnishment: \$ _____

Other: \$ _____

Monthly Expenses

Shelter

Rent/Mortgage: \$ _____ Paid to whom: _____

2nd home mortgage: \$ _____ Paid to whom: _____

Home insurance: \$ _____ Paid to whom: _____

Maintenance: \$ _____ Paid to whom: _____

Other: \$ _____ Describe: _____

Household expenses

Food Expenses: \$ _____ (Monthly)

Housekeeping Supplies: \$ _____ (Monthly)

Clothing & Cleaning: \$ _____ (Monthly)

Personal Care Services and Expenses: \$ _____ (Monthly)

Utilities

Electric: \$ _____ Gas: \$ _____

Water/Sewer \$ _____ Garbage pickup: \$ _____

Basic telephone: \$ _____ Other: \$ _____

Describe: _____

Medical

Insurance Premiums \$ _____ /per month *(Only list payments not deducted from paycheck)*

Bill payments \$ _____ /per month *(Only list payments not covered by insurance)*

Other: \$ _____ /per month Describe: _____

Transportation

Number of cars _____

1st Car payment: \$ _____ /per month 2ndCar payment: \$ _____ /per month
Gas and oil: \$ _____ /per month Public transportation:\$ _____ /per month
Car insurance: \$ _____ /per month Parking: \$ _____ /per month
Other: \$ _____ Describe: _____

Child Care

Child care: \$ _____ /per month Number of children: _____
Child support: \$ _____ /per month Number of children: _____
Other: \$ _____ /per month Describe: _____

Other Expenses

Other Insurance: \$ _____ /per month
Describe: _____

Based on this Statement, I think I can afford to pay \$ _____ per month

I declare under penalty of law that the answers and statements contained herein are, to the best of my knowledge and belief, true, correct, and complete.

Signature: _____ Date _____

Warning: 18 U.S.C. 1001 provides that “whoever...knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation...shall be fined up to \$10,000.00 or imprisoned up to five years, or both.”

Complete, sign, and return the requested information to:

(PCA Address & contact information)

This request is authorized under 31 U.S.C. 3711, 20 U.S.C. 1078-6, and 20 U.S.C. 1095a. You are not required to provide this information. If you do not, we cannot determine your financial ability to repay your student aid debt. The information you provide will be used to evaluate your ability to pay. It may be disclosed to government agencies and their contractors, to employees, lenders, and others to enforce this debt; to third parties in audit, research, or dispute about the management of this debt; and to parties with a right to this information under the Freedom of Information Act or other federal law, or with your consent. These uses are explained in the Federal Register of June 4, 1999, Vol. 64, p. 30166, revised Dec. 27, 1999, Vol. 64, p. 72407. We will send a copy at your request.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

5.0 PAYMENT PROCESSING

Borrowers may make payments in a variety of ways (sometimes with restrictions) in order to satisfy debts quickly, timely, and efficiently.

5.1 Accepted payment methods

Borrowers may pay by the following methods, but should not be lead to believe one option is preferred, nor required over another:

- personal check
- cashier's check
- credit or debit card
- money order
- through FSA's direct debit program (DDP)

FSA does not accept personal checks from foreign banks submitted by foreign borrowers, unless the check is drawn on Canadian Banks in US dollars.

5.2 Payment address and instructions

PCAs must tell borrowers to make their payments payable to the U.S. Department of Education, note their DMCS account number on the face of the payment instrument, and mail it to:

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

PCAs must remind borrowers that conditional statements on their payment instruments (e.g., "account paid in full") are not legally binding and the borrower still owes the entire debt.

Also, 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." FSA will ignore these instructions unless the borrower requests a debt-specific payment (see below).

5.3 Credit card payments

Borrowers may enter payments directly to Pay.gov by logging onto www.pay.gov. Borrowers can input payment information and review prior transactions. Borrowers can also schedule recurring payments. The Pay.gov site accepts Visa, MasterCard, Discover and American Express credit cards, and debit cards displaying the Visa or MasterCard logos.

PCAs must process any payments a borrower wishes to make by credit/debit card. PCAs must process credit card payments only through the Pay.gov government-wide payment services program by one of two ways:

1. PCAs may enter payments individually; or
2. PCAs may participate in the Trusted Collection Service (TCS) process, which allows the contractor to submit requests to receive and process collections electronically "on-line."

ABOUT PAY.GOV TCS

TCS information is basically transmitted to the PCAs upon request via scheduled appointments. See 23.0 – CONTACTS for information on requesting access.

Interested PCAs may explore the information available at:
<https://qa.pay.gov/agencydocs/index.html>.

PCAs may also contact Pay.gov support at 1-800-624-1373 or by email at pay.gov.clev@clev.frb.org.

Any PCA that processes credit cards/debit cards for accounts must abide by all credit card securities and requirements as outlined by FSA and contained in the Payment Card Industry (PCI) Data Security Standard. The PCA is responsible for the security of any cardholder data it maintains or possesses.

When Pay.gov *approves* a payment (i.e. the credit/debit card transaction was successful) for a compromise, the PCA must annotate the DMCS Historical Events window with:

CCARD payment from (Cardholder name) approved tracking # _____ in the amount of \$0.00; will post in 4-5 business days

When Pay.gov denies a payment (i.e. the credit/debit card transaction was unsuccessful or invalid), the PCA must not attempt a transaction more than twice in one day. A third attempt will automatically be denied by Pay.gov and could cause Pay.gov to lock up.

When processing credit/debit card payments, the PCA must:

- ensure all information input is correct;
- encrypt all credit card information sent via e-mail, using the WinZip 128 bit encryption;
- record contact information such as payer's mailing address on the Pay.gov credit card processing form and the Pay.gov system for all transactions; and
- if processing these manually and not through the batch processing, provide a telephone number on the Pay.gov credit card processing form for all third party payments.
- Have a process in place where they are able to retrieve/store the Pay.gov Tracking ID#. FSA encourages the PCA to download the Pay.gov credit card activity report for their agency in the manner they deem appropriate i.e., bi-weekly, monthly etc., in order to access any transaction confirmation numbers ED cannot retrieve from Pay.gov as ED does not store this information.

5.3.1 Recurring credit card payments

The PCA may allow the borrower to set up recurring payments on Pay.gov, or the PCA may set up recurring payments.

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

If the PCA sets up recurring payments, the PCA must use one of the following three methods:

(1) Verbal authorization with each payment, where the PCA:

- obtains from the borrower over the phone credit/debit card information and authorization for a one-time payment;
- must only use the credit/debit card information to process the authorized one-time payment; and
- must securely store the credit/debit card information for audit/review purposes only and in compliance with PCI data security standards.

(2) Verbal authorization for recurring payments, where the PCA:

- obtains from the borrower over the phone credit/debit card information *and* authorization from the borrower to process payment on an approved date each month;
- documents the PCA system with the information for processing the credit card payment (NOT the credit card number) and that authorization for recurring payment was obtained;
- 10 days prior to each payment transaction, sends a letter to the borrower reminding the borrower of the authorization for recurring payments and advising the borrower to contact the PCA immediately with any questions;
- must only use the credit/debit card information to process the authorized recurring payments; and
- must securely store the credit/debit card information (hard-copy or electronically) in compliance with PCI data security standards, allowing access only to staff that the need the information to process the authorized recurring payments.

(3) Written authorization for recurring payments, where the PCA:

- obtains from the borrower over the phone credit/debit card information and authorization from the borrower to process payment on an approved date each month;
- sends the borrower a credit/debit card recurring payment authorization letter that:
 - outlines the borrower's authorization for recurring payments
 - includes specific information such as payment amounts and time frames;
 - indicates that the PCA will securely store the credit/debit card information;
 - confirms that the PCA will process payment on the approved date each month; and
 - instructs the borrower to sign and date the agreement letter and send it back to the PCA.
- upon receipt of the signed credit/debit card recurring payment authorization letter, maintains a copy for its records and forwards the signed agreement letter to FSA for imaging into the borrower's file;
- documents the PCA system with the information for processing the credit card payment (NOT the credit card number) and authorization for recurring payment was obtained;
- must only use the credit/debit card information to process the authorized recurring payments; and
- must securely store the credit/debit card information (hard-copy or electronically) in compliance with PCI data security standards, allowing access only to staff that the need the information to process the authorized recurring payments.

Because the PCA has obtained a written agreement, FSA does not require verbal authorization in order to process subsequent transactions on the borrower's card.

5.3.2 Refunds of credit card payments (chargebacks)

PCAs must initiate chargebacks, refunds of part or all of a credit card payment, when an error has been made in the processing of a credit /debit card payment. PCAs may now process chargebacks via Pay.gov. Only process a chargeback request after the transaction has posted to the proper account. If any posting errors or notable posting delays have occurred, contact ED to review the issue

FSA may initiate chargeback if an account is overpaid.

Borrowers/card holders may initiate a chargeback as a result of dispute of payment with the card issuer (bank-to-bank disputes).

Daily chargeback items retrieved via the Pay.gov chargeback retrieval processes are combined with any items resulting from chargeback disputes initiated by the borrower/card holders (bank-to-bank disputes), which are received directly from Vantiv (5/3 Bank) <https://direct.ftpsllc.com/direct/logon53Direct.jsp>, once the chargeback updates are received via Vantiv direct system Maximus will update the information accordingly addressing the adjustment/correction needed relative to the financial history of the affected account(s).

HOW TO PROCESS CHARGE BACKS

1. Log onto www.pay.gov/agency
 2. On User Center desktop screen go to "Reports Menu"
 - Under "Report List" - select "Activity File Download Query"
 - Enter Pay.gov tracking ID # of item to be refunded - enter
 - screen select "Refund" link from the criteria list.
 3. Review "Plastic Card Refund Transaction" screen:
 - Refund amount (US Dollar xx.xx): \$0.00.
 - Original payment amount should already be populated.
 - If partial refund is desired simply delete the original amount and type in the partial refund.
 4. Select the "continue" button at the bottom of the page to proceed with the refund processing.
 5. "Plastic Card Refund Summary" screen mark the "box" that reads "I have reviewed the transaction and authorize it for refund" and then click the "Submit Refund" box to finish processing the refund.
 6. After the chargeback has been completed return to the left side the processing page and locate "Collection Control Panl" – select "Search Transaction" in order to create new chargeback page.
- Note: If needed, print a copy of the "Plastic Card Refund Confirmation" as this assist with tracking the chargeback*
7. Document DMCS Historical Events by creating an event:
 - Action: Comment
 - Result: Comment
 - Annotate:
 - CCARD HOLDER REFUND COMPLETED IN THE AMT OF \$0,000.00; ADVISE BORR TO CONTACT CARD ISSUER IN ORDER TO CONFIRM CREDIT HAS BEEN APPLIED TO CARD. EFFECTIVEDATE OF PYMT 00/00/00 (FULL CHARGEBACK OR PARTIAL CHARGEBACK).
 8. Document PCA notepad summarizing the information

5.3.3 Voiding credit card transactions

If the PCA made an input error, the PCA must:

- void (cancel) the credit card transaction in Pay.gov on the same business day before 7:30pm Eastern Time; and
- record the action in the DMCS Historical Events window.

If the PCA fails to void the credit card transaction on the same day, the PCA must wait for the transaction to post to the financial history on the borrower's account and the process a chargeback. If the PCA fails to properly void credit card transactions to correct input errors, the PCA may receive an out-of-compliance notice from the contracting officer.

Note: Voids can only be processed on Pay.gov on the day of input, up to 7:30pm Eastern Time because credit card transactions are reconciled and settled beginning at 8:00pm Eastern Time on the day of input. Any items received after this time must be processed as a chargeback.

HOW TO VOID A PAY.GOV TRANSACTION

Using the Pay.gov tracking ID# of the transaction to be voided, log into the Pay.gov system under the "User Center: Collection Control Panel":

1. Select – Search Transaction
2. Select – Search by Pay.gov ID
3. Enter the Tracking Number in the field provided
4. Click on the Search Transactions button
5. Print the voided completion page and maintain it as a record.

5.4 AmeriCorps and Department of Defense Loan Reimbursement Program

The PCA must, upon receipt, forward to the National Payment Center in Greenville, TX:

- a payment application form from the Corporation for National Community Service on behalf of an AmeriCorps borrower; or
- a request under the Department of Defense Loan Reimbursement Program.

The PCA will not receive commissions for these payments.

The PCA must NOT pass on to the borrower the cost of forwarding these documents.

5.5 Debt-Specific Payments

When a borrower requests that a payment be applied to a specific debt, the PCA must submit via eIMF a request for the payment posting to be corrected.

ABOUT DEBT-SPECIFIC PAYMENTS

FSA sometimes allows borrowers make payments only to a specific debt so that particular debts can be paid off and additional actions can be accomplished on remaining debts. For example, a borrower who has a debt with a judgment on it may pay off that debt so that he/she can consolidate the rest of his/her debt. Also, a borrower who has a Pell Grant Overpayment may pay off the overpayment so that he/she can rehabilitate the rest of his/her debt. (Borrowers cannot consolidate debts with judgments and cannot rehabilitate Pell Grant Overpayments).

Borrowers must specify how the payment is to be applied by writing the debt ID number(s) directly on the payment instrument (e.g. the personal check). However, the payment will not automatically be applied as specified; the PCA must request FSA to adjust the payment via eIMF and certain system requirements have to be in place before the payment can be properly posted at the debt level.

5.6 Unidentified (Missing) Payments

When the PCA is notified by a borrower that a payment has not posted to his/her account, the PCA must attempt to find the missing payment and request it be applied to the account. The PCA must:

1. Direct the borrower to send in a copy of the front and back of the payment instrument.
2. If the missing payment is a money order, advise the borrower to have it traced.
3. If the missing payment is a canceled check and is unavailable, obtain the check number, date and amount are required.
4. Review the Unidentified Payments Report (Suspense Report) to find the payment. This can be found on DMCS, Reports tab, select "Custom Reports", select "FSA PCA Reports (RPca44-PCA Suspense Report)."
5. Submit via eIMF the Suspense Removal Request form, the Suspense Report, and a copy of the payment instrument.
6. Notate the DMCS Historical Events window with the missing payment information and add it to the Omitted Item worklist. To add an account to the "Omitted Item Worklist", create an A/R event on the account:

Action: corrfrom

Result: omitem

The worklist is reviewed daily for missing 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). The Suspense Report will be part of the base system reports when this functionality is operational.

The Suspense Report is part of the base system reports on DMCS and is located under Reports tab, Select Custom Reports, Select FSA PCA Reports (RPca44 - PCA Suspense Reports).

5.6.1 Misdirected payments and post-dated checks

The PCA is strictly prohibited from soliciting the receipt and processing of borrower payments under this contract. The PCA is also prohibited from soliciting post-dated checks. FSA's National Payment Center (NPC) will process all post-dated checks on date of receipt.

If a PCA receives any borrower payments, the PCA must:

1. Forward the payment to FSA's National Payment Center by overnight mail service, within 24 hours of receipt.
 - a. If the payment does not have the DMCS account number, determine the account number and place it on the outside of the envelope.

- b. Retain a date-stamped copy of the payment instrument and envelope in a secured location.
2. Log the misdirected payment in an MS Excel report of Misdirected Payments.
3. Within *three (3) business days* of the date of receipt of the payment instrument, the PCA must send/initiate a letter to the borrower advising them to send any and all future payments to the National Payment Center, not the PCA. The PCA must send a *similar letter to any employer* who sends an Administrative Wage Garnishment payment to the PCA.
4. By the 15th of each month (next business day if the 15th falls on a weekend/holiday), the PCA must submit its report of all Misdirected Payments to the CO and the COR(S).
During FSA's agency reviews, FSA may require PCAs to provide the hard copies or electronic copies of the misdirected payment instruments.

5.0 – Appendix A – Pay.gov Registration and Password Instructions

A. Registering New Users to Pay.gov

In order to use the Pay.gov 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 provide the Pay.gov Information System Security Officer a list of designated staff to be entered as users on the Pay.gov system. The list of designated personnel must include their name, mailing address, telephone number and individual email address. Each designated person must have an individual email address assigned to him/her, or his/her application for registration will be denied.

Pay.gov will contact the new users directly by phone or email. Generally, access to the system is handled quickly.

B. Password Assistance

Pay.gov passwords must be at least eight characters long and must contain both letters and numbers. Contact the Pay.gov help desk @ 800-624-1373 for assistance with username and password issues. FSA cannot assist with this problem.

C. Password Change

1. Go to the Pay.gov site: <https://www.pay.gov>
2. Enter your username and password (password is case sensitive) in the specified fields and click on 'Login.'
3. The User Center screen will then be displayed. Select 'My Account' on the top right of the screen. Click on 'Change Password.'
4. On the following screen, enter your current password. Enter your new password in the 'New Password' and 'Retype New Password' fields.
5. Click on 'Change Password.'
6. The "Welcome to Pay.gov Enrolled User Login" screen will then be displayed and the message "Your password has been successfully changed" will be displayed under the Password field.
7. You may now login using your new password.

D. Forgotten Password

1. Go to the Pay.gov site: <https://www.pay.gov>
2. At the "Welcome to Pay.gov Enrolled User Login" screen, select "Forgot your Password."
3. At the "Forgot your Password" screen, type your User Name, and click on "Lookup Secret Question."
4. Type the answer to your secret question (case sensitive) and click on "Answer Secret Question."
5. Type your new password in the "Enter New Password" and "Retype New Password" fields. Click on "Change Password."
6. The "Welcome to Pay.gov Enrolled User Login" screen will then be displayed and the message "Your password has been successfully changed" will be displayed under the Password
7. You may now login using your new password.

E. Password Re-sets

1. Go to the Pay.gov site: <https://www.pay.gov>
2. Click on 'Login.'
3. The User Center Forgotten Password screen will then be displayed; enter your username in the 'Username' field and click on 'Submit.'
4. A screen showing your secret question will display next; enter your secret answer in field provided and click on 'Submit.'
5. A Change Password screen will then follow. Enter your new password and confirm it by re-entering it on the line below. Click on 'Change.'
6. A User Center screen will then be displayed, welcoming you to User Center and indicating that you are not logged in. Choose "login.'
7. Enter your username and new password; click on the 'Login' button.
8. The main User Center screen stating that you are currently logged in will then be presented.

5.0 – Appendix B – Suspense Removal Request Form

Suspense Removal Request Form

FAX to: (903) 454-5396

Contractor # _____

Requested by _____

Date _____

Phone number _____

Fax number _____

SUSPENSE REMOVAL REQUEST

-----ACCOUNTING DATA-----

(from unidentified payments report)

DMCS ID or /SSN: _ _ _ - _ _ - _ _ _

RECEIVE DATE: _ _ / _ _ / _ _

Trace Number: _ _ _ _ _

ITEM NUMBER: _ _ _ _ _

AMOUNT: _ _ _ _ _

-----POSTING DATA-----

DMCS (10 digits) Account Number: _ _ _ _ _

Name: _____

Street: _____

City: _____ State: _____ Zip: _____

Notes: _____

Input by _____

Date _____

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6.0 REMOVAL OF FEES

In general, defaulted student loans and other debts assigned to PCAs must not have fee balances. If the PCA discovers a debt with a fee balance, the PCA must request the fees be removed from the account, according to the requirements below.

However, the PCA *must not* evaluate their entire portfolio of accounts to identify accounts with fee balances, and request fee removal. FSA will not process such requests.

6.1 Assigned Fees

If a PCA discovers a debt with fees appearing in any of the “Fees Assigned” fields on the debt information (DebtInfo) User Defined Page (UDP), the PCA must request FSA to remove the fees, after checking to make sure they have not already been written off.

Assigned fees may appear as “PenaltyFeesBalance,” “AdminFees,” or “FeesCostsBalance”.

If assigned fees have already been written off, they will normally show on the Financial Transaction screen as “NA” for an amount that matches the assigned fee.

The PCA must request removal of assigned fees by submitting an eIMF.

The PCA must request removal of assigned fees before submitting Paid-In-Full/Cost Exceed Recovery (PIF/CER) EFT files and before rehabilitation and consolidation.

6.2 Returned Check Fees and Unpaid Collection Cost Fees

The PCA must not request removal of these fees unless:

- the returned check fee was assessed in error.
Example: The PCA made an error in processing a payment that resulted in a returned check fee.
- a Treasury Offset reduces the principal and interest balance to less than \$25.00.

The PCA must request removal of these fees via eIMF.

6.3 Administrative Fees Added By FSA

The PCA must request removal of these fees if a Treasury Offset reduces the principal and interest balance to less than \$25.00.

6.4 Requesting Removal of Fees

If an account has multiple debts and the first debt is under \$25.00, is substantially smaller than the other debts, and has fees that continue to appear on the first debt after payments are made, the PCA must *submit the information on an eIMF* to have the first debt written off and the fees added to the next debt.

Example: The PCA must request FSA to write off Debt #1.

	PRINCIPAL	INTEREST	PENALTY	ADMIN	FEES
Debt #1	12.54	1.02	5.00	10.00	
Debt #2	3,854.64	5,378.76			

ABOUT FEES

Assigned Fees

FSA has already removed most of the assigned fees but PCAs may occasionally find a debt where they have not been removed, in which case the PCA must request that FSA review them for removal.

Returned Check Fees

Fees resulting from financial transactions are usually penalty fees of \$5.00 per returned payment and unpaid collection cost fees. FSA has not assessed bounced check penalty fees for several years so they are rare.

Unpaid Collection Cost Fees

Unpaid collection cost fees result when a payment on which collection costs are applicable is applied to a debt, and the amount applied is not sufficient to pay the penalty, admin fees and any other fees that are due on the account. The result of such a transaction is that penalty admin and other fees may be reduced, with the unpaid collection costs fees being added to the account.

When there are multiple debts, payments are credited proportionally to each debt. In most cases, returned check penalty fees and unpaid collection cost fees are not removed from the account.

Administrative Fees Added By FSA

FSA added administrative fees of \$72.00 on 10-6-1990 and \$15.00 on February 15, 1991.

7.0 ADMINISTRATIVE WAGE GARNISHMENT(AWG)

7.1 LEGAL AUTHORITY

The **Debt Collection Improvement Act of 1996 (DCIA)** authorizes federal agencies to garnish administratively, that is, without court order, up to 15^o of the disposable pay of an individual who is not a federal employee to collect a delinquent non-tax debt owed to the United States.

The **Fifth Amendment to the Constitution**, which requires due process of law before a person may be deprived of his or her property, further controls and guides the conduct of AWG by federal agencies.

Treasury Department regulations, 31 C.F.R. 285.11, provide the authority and guidance for federal agencies to conduct AWG under the DCIA. The Department adopted its own regulations to conduct AWG under the DCIA, which are codified at **34 C.F.R. Part 34**. These regulations were developed with careful consideration of both Treasury rules and Department experience conducting AWG under the virtually identical provisions of HEA §488A, 20 U.S.C § 1095a. rules, published February 19, 2003.

7.2 WHAT IS ADMINITRATIVE WAGE GARNISHMENT (AWG)

Administrative Wage Garnishment (AWG) is an involuntary payment program initiated by FSA on accounts where the borrower appears to have the ability to pay but no intention of paying voluntarily. AWG is often referred to as the “tool of last resort.”

7.3 ROLES AND RESPONSIBILITIES

7.3.1 Role of the PCA

PCAs must strictly adhere to the requirements described in this chapter to ensure that AWG is employed only *as a tool of last resort*. In the AWG process, the PCA must:

1. strive to negotiate account repayment, prior to review for AWG;
2. verify candidates for AWG;
3. verify borrower’s demographic information (name, address, date of birth, social security number);
4. verify borrower’s employment information and link borrower to employer to initiate AWG;
5. assist borrowers with options available prior to and after the garnishment order is sent to the employer;
6. assist employers with questions on the garnishment orders received;
7. identify non-compliant employers and make recommendations for litigation;
8. monitor for and identify the borrowers’ requests for hearings(RFH) and verify timeliness of the borrower’s request; and
9. prepare a preliminary evaluation of hardship claims and attempt to secure additional information and documentation that may be needed to properly evaluate the objections raised by the borrower to garnishment.

If the PCA finds that AWG is ineffective because the borrower is self-employed or a federal or military employee, the PCA may recommend litigation.

7.3.2 FSA Oversight and Enforcement

FSA employees coordinate with PCAs, employers, the Office of General Counsel and the U.S. Attorney's office to ensure the enforcement of AWG withholding orders. FSA employees also provide monitoring, oversight, and guidance to ensure the PCAs comply with AWG requirements.

FSA employees:

- review the PCA's request for validation of the borrower's eligibility for AWG;
- monitor the PCA's compliance with AWG requirements;
- provide AWG training and technical assistance to PCAs and non-compliant employers (for account in active and inactive garnishment status); and
- address non-compliant employers.

To ensure PCA compliance, FSA employees monitor the following PCA activity related to AWG:

- approved and disapproved withholding orders;
- borrower and employers correspondence;
- employer certifications; and
- non-compliant employer accounts assigned to the PCAs.

Hearing officials are FSA employees and contracted employees that serve as impartial adjudicators authorized to:

- conduct AWG hearings (by review of written records, by telephone, or in-person);
- receive and consider evidence presented by the borrower to support objections to the validity and enforceability of the garnishment order or the debts covered by the garnishment order; and
- discharge or reduce the debt, reduce or cancel any outstanding garnishment order, and return some or all amounts collected on the debt.

Before issuing a hearing decision, hearing officials:

- review evidence from the Department to validate the enforceability of the debt and/or the borrower's records opposing the validity or enforceability of the debt;
- ensure the borrower has adequate opportunity to request and receive copies of Department records;
- notify the borrower when new evidence has been obtained and will be considered;
- offer the borrower an opportunity to examine that new evidence, and respond by his or her own additional evidence and arguments; and
- provide borrowers opportunity to provide documentation supporting claims of legal exclusion and/or financial hardship.

As an impartial adjudicator, the hearing official is not bound by any prior determination by the Department or any prior holder of the loan regarding the borrower's objection to or the validity and enforceability of the garnishment order or the debt.

The hearing official does **not** engage in collection on the debt. The Department regards any individual who has no responsibility to collect the debt and does not report to an individual who is responsible for collecting debts to be sufficiently independent to conduct a fair hearing.

7.4 BORROWER'S RIGHTS AND HOW TO AVOID GARNISHMENT

(34 C.F.R. Sections 34.4-34.7)

7.4.1 What are the borrower's rights in the AWG process?

The borrower has the right to:

- receive notice of the potential AWG and what their options are 30 days prior to FSA ordering wage garnishment;
- an opportunity to inspect and copy Department records pertaining to the debt. (Requesting documents only, does not delay a garnishment order.);
- an opportunity for a hearing to present evidence and argument on any objection by the borrower to the enforceability of the garnishment order or the validity or enforceability of the debt;
- have garnishment action withheld by filing a timely request for a hearing, until the hearing is completed and an adverse decision issued;
- initiate any legal action against his or her employer if the employer discharges, refuses to hire, or takes disciplinary action against the borrower based on the garnishment action; and
- not have any information provided to the employer but that which is necessary for the employer to comply with the withholding order

7.4.2 How can the borrower avoid garnishment?

To avoid garnishment of 15% of disposable pay, the borrower must:

- agree to repayment terms acceptable to FSA and making a payment that is received by the Department within 30 days from the date the Notice of Proposed Wage Garnishment (NPWW) was sent;
- make a written request for a hearing by expressing an objection to the validity of the debt or the garnishment that, if mailed, is post-marked within 36 days or, if faxed or delivered in person, is received in 30 days of the date the NPWW was sent; and
- provide proof to support any objection made to the existence, amount, or enforceability of the debt, or a claim of legal exclusion or, financial hardship.

7.5 PCA REQUIREMENTS BEFORE RECOMMENDING AWG

Before linking the borrower to the employer on the DMCS system, and thereby recommending AWG, the PCA must:

1. strive to negotiate account repayment;
2. verify candidates for AWG;
3. verify/update the borrower's demographic information; and
4. verify garnishment information with employers payroll/garnishment or human resources department.

7.5.1 Strive to negotiate account repayment

To ensure that AWG is used only as a tool of last resort, before identifying accounts eligible for AWG, the PCA must:

1. **Verify borrower's name:** Make sure that the borrower's name on DMCS matches the name certified for Treasury offset (TOP UDP)
2. **Verify SSN:** Resolve any SSN issues before submitting the account to AWG. There should not be any unresolved SSN issues showing up in the DMCS Historical Events window or in your internal account history (e.g. pseudo).
3. **Verify residential address:** Verify the residential address verbally with the borrower or confirm that there are no return mail letters that were sent to the current address. On DMCS, make sure the current address is not marked "U" for "Undeliverable" and no correspondence sent to the current address has been returned.
4. **Verify place of employment (POE):** Acceptable verification includes any and all of the following:
 - **Telephone contact:** The borrower or the borrower's manager/supervisor verbally verifies the borrower's POE and employer's phone number. *Actual contact with the borrower at the POE:* The borrower verbally verifies their place of employment and phone. If you have spoken with the borrowers manager/supervisor
 - **Employment Verification Service Vendor:** The PCA must attempt to locate the borrower through the information provided from this service. If after 7 attempts at different locations you are unable to locate the borrower you can then consider the employment verified. If there are not 7 locations attempts for that employer or the employer has stated that they do not allow employee calls, note DMCS with why you were unable to complete the attempts. Each attempt must be recorded on PCA's notepad.
 - **Written verification:** Completed verification form. The form can be the PCA's own employment verification form or the FSA employment verification form (WG78) ordered through DMCS.
5. **Telephone contact attempts:**
 - If home phone or personal cell phone is available, make at least five contact attempts at different times of the day and different days of the week. Leave a message, if permissible.
 - If work phone is available, attempt to contact the borrower at the POE. If direct contact is not possible, but the POE will take messages, leave at least 2 messages.
 - If at least one successful contact with the borrower over the telephone, the above 2 telephone attempts are not required.
 - The PCA must clearly document on the PCA system all attempts and instances where messages are left, or instances where messages are not allowed to be left.
6. **Letter requirement:**

All letters must have been sent to the address of record for the borrower at the time that they were sent. None can have been returned.

 - If no successful telephone contact with the borrower, at least 3 letters must have been sent:
 - 2 letters demanding payment; 1 of the 2 is the initial demand
 - 1 letter offering and explaining repayment options
 - Once the 30-day validation requirement of the initial demand is met, the last 2 letters should be sent with an interval of at least 7 days between them. For example, if the initial demand letter is sent on 1/1, then on 1/31 the second letter can be sent and on 2/7 the final letter can be sent.
 - If at least 1 successful telephone contact with the borrower, send at least 2 letters must have been sent:
 - 2 letters demanding payment; 2 letters demanding payment; 1 of the 2 is the initial demand.

- Once the 30-day validation requirement of the initial demand is met, send the 2nd demand letter.
7. **Cease and desist letter:** If the PCA receives a “cease and desist” letter from the borrower or the borrower’s attorney, the PCA:
- must NOT send any further letters or make phone calls to a borrower after receiving; and may immediately initiate AWG without if the borrower meets all of the requirements. See section 10.2, Ceasing Collection

7.5.2 Verify candidate for AWG

If the PCA is unable to negotiate repayment following the steps above for “Strive to negotiate account repayment,” the PCAs must verify whether the borrower is a candidate for AWG. The borrower could be a candidate for AWG if:

1. The principal and interest is at least \$200 with no negative balances requiring adjustments.
2. The account must have completed the initial 30-day validation period with the PCA, or the PCA received a cease and desist letter.
3. Account shows no “unclosed” rehabilitation or consolidation (i.e., an unpaid balance left on the account after rehab or consolidation). If identified, follow the instructions on account adjustments in 20.0 - eIMFs, section 20.1.
4. DMCS Letter History, Collectors’ Notepad, or Historical Events window shows previous successful contact.
5. DMCS and PCA system and records show no unresolved dispute.

The borrower is not a candidate for AWG if the borrower:

- is a federal or military employee
- is a Merchant Seaman (U.S.C.G. Section 11190)
- is a barge worker or inland waterways
- is a Seasonal worker with no constant employer (i.e. farm laborer)
 - Borrowers whose terms of employment include extended periods of leave followed by a return to service (e.g., teachers) are candidates for AWG
- is self-employed (e.g. independent contractor, real estate agent, sole proprietor, etc.)
- is an employee of a Sovereign Foreign Nation, United Nations, or the World Bank
- earns weekly/monthly income less than 30 times the federal minimum wage of \$7.25/hour (\$217.50/week or \$942.50/month or \$11,310/year)

The borrower is temporarily not a candidate if the borrower:

- set up a payment arrangement or voluntary payment posted in the past 30 days; or
- a compromise agreement has been that has not yet expired.

7.5.3 Verify garnishment information with employer

If the borrower has more than one job, the PCA must choose the employer that will be able to garnish more.

It is the responsibility of the PCA to ensure that they obtain the best contact information to use when sending garnishment notices to employers. When verifying the information needed to send the garnishment, the PCA must speak with the employee in the company who is responsible/assists the requests for wage garnishment. Usually, it will be an employee in the garnishment/payroll/human resources department, but for smaller companies, it may be the owner or employee who handles payroll.

The PCA must obtain from the employer the:

- Official name of the company
- address for receiving garnishment orders
- phone number
- contact name (if available)
- Federal Employer Identification Number (FEIN), if available.

PCAs may obtain the employer's fax number and e-mail address and could also attempt a final employee verification, especially if the original verification was through an employee verification service or a supervisor.

To obtain the employer's contact information, the PCA may use:

- FSA's employer verification form letter WG20 (ordered through DMCS) ;
- the PCA's own employers garnishment verification form;
- employment verification service; or
- telephone contact with the right party at the place of employment.

7.6 REQUESTING AWG

7.6.1 Initiating AWG

In order to request AWG be initiated, the PCA must link the borrower's account to a valid employer. This action triggers DMCS to send a Notice of Proposed Wage Garnishment (WG19NPWW) to the borrower.

Before linking the borrower's account to a valid employer, the PCA must have completed the PCA REQUIREMENTS BEFORE RECOMMENDING AWG section of this chapter: (1) strived to negotiate account repayment; (2) verified that the borrower is a candidate for AWG; and (3) verified the garnishment information with the employer.

To link the borrower's account to a valid employer:

1. **First**, check to see if there is employer information on the Employer Info UDP of the borrower's account.
 - a. If there is no employer information, go to the next step.
 - b. If there is previous employer information, determine if it is the employer that should receive the garnishment order.
 - If it is and all of the information for the employer is correct, make sure the Employer Status is "current" and update the "Verification Date," press "Enter" and add the tags to link the account.
 - If the FEIN is correct and the address in DMCS is incorrect and the employer has verified this again, go to the 2, c. of this section and follow the instructions.
 - If it is not the employer that should receive the garnishment order, update the employer's status to "previous" and go to the next step.
2. **Next**, determine whether or not the employer is already set up in the system and link the borrower's account(s). You can determine whether or not the employer is already set up in the system following the instructions in the DMCS Private Collection Manual for "Searching for a Company in DMCS."

- a. If the employer is located in the search, the employer is already set up in the system and you can link to the borrower's account following the instructions found in the DMCS Private Collection Manual called "Linking the Borrower to an Employer and Initiating AWG."
- b. If you only have the name and address of the employer, search by the name and choose the result that has the same address and phone number. If nothing but the name of the company matches any of the results found, re-verify with the employer and if the information is the same, follow the instructions below for "PCA does not have a FEIN."
- c. If the employer is not located in DMCS you need to have it added. If you **do not** have a FEIN # or if there is already an FEIN# with a different employer address, follow the instructions found in the DMCS Private Collection Manual called "Creating Pseudo FEIN" which will also explain how to link the employer to the borrower's account. If you **do** have a FEIN #, follow the instructions found in the DMCS Private Collection Manual called "Adding a New Employer" will also explain how to link the employer to the borrowers account.

Once the account is linked, the Notice of Proposed Wage Garnishment (NPWW), letter number WG19, should be sent and the PCA should monitor DMCS to ensure this happens.

- If the tag bAWGPnAd (AWG pending address) displays, it means the address was found to be bad and the PCA must correct the employer's address before the NPWW will be sent.
- If the tagbAWGPnAd does not display and the account is being placed into AWG for the first time, the NPWW should be sent automatically within 72 hours. Check the DMCS "Notice Request" window to confirm that it was requested.

7.7 AVOIDING WAGE GARNISHMENT

Within 30 days of the date the NPWW was sent (the 30-day period), the borrower may still avoid having a Wage Garnishment Order (Order) sent to their employer (have the Order suspended) by 1) submitting a timely hearing request; or 2) entering into a voluntary repayment agreement.

The NPWW includes a Request for Hearing (RFH) Form, and Financial Disclosure Form. (See appendices.)

When speaking with a borrower during this period, the PCA should explain the borrower's options to have the Order suspended, including applicable time frames and payment deadlines.

7.7.1 Submits an RFH

When is a borrower's objection to garnishment considered to be a request for an AWG hearing?

A borrower is requesting an AWG hearing when he/she expresses *in writing, any* objection to the validity and enforceability of the garnishment order or the debt after a NPWW has been issued.

PCAs must not require the borrower to use a specific form or specific language to request a hearing.

PCAs must consider any objection meeting the above definition to be a request for a hearing.

For instructions on how to process a request for hearing see section 7.13 of this chapter.

7.7.2 Voluntary repayment (no hearing request)

Within the 30-day period, the PCA may attempt to negotiate voluntary repayment even if the borrower hasn't submitted an RFH. To avoid have the Order being sent to their employer, a borrower must agree to an option for voluntary repayment (see below) and meet the following requirements:

- To avoid the Order through voluntary repayment, the borrower must make the first payment within the 30-day period. This will temporarily prevent the Order from going out.
- If a signed agreement is required, the borrower must sign and return it within 10 days from the date it was sent for the Order to remain suspended.
- The borrower must continue to make the payments timely until the voluntary repayment agreement is completed or the Order will go out.

At the time of negotiation, the PCA must notify the borrower of the date the Order is expected to be sent (the end of the 30-day period). The PCA must also determine if it is in the best interest of the borrower to submit a written RFH.

Options for voluntary repayment

- **Lump Sum Balance in Full (BIF):** Borrower must make payment before the Order goes out. Even if the BIF comes in after the Order goes out, the payment will still stop the garnishment.
- **Compromise, a.k.a., Settlement in Full (SIF):** The PCA may agree to a compromise (accept a lesser amount than BIF) according to the requirements in 4.0 – COMPROMISES AND REPAYMENT SCHEDULES.
 - If you have reached a compromise agreement, the borrower then they are required to have the 1st of the payments post to DMCS or the credit card successfully processed before the last day of the 30-day period (e.g., If the NPWW was sent August 1st, the 1st payment must be made by August 30th.)
 - The compromise agreement the PCA sends must notify the borrower that: they are liable to repay the amount of any payment credited to the debt that is subsequently reversed (e.g., a TOP injured spouse claim) and that the borrower is required to withdraw any request for hearing that was filed
 - There are two types of compromises the borrower can agree to: (1) a lump sum (paid in one payment) or (2) installment (several payments over a 90-day period). The PCA must send the specific compromise agreement letters for the type the borrower agrees to (See 7.0 Appendix F-PCA letters: Compromise Agreement & Cover Letter.)
- **Rehabilitation, Monthly Repayment Arrangements, and Consolidation:**
 - **Rehabilitation:** If the borrower is eligible for rehabilitation of his/her loans, the PCA must request documents and calculate the payment amount by the guidelines for rehabilitation. (See 2.0 – Rehabilitation.) When the PCA receives the completed financial information, the PCA must use the appropriate rehabilitation calculator to calculate the payment amount.
 - **Monthly Repayment Arrangement:** Request the borrower submit two current pay stubs from all working members of household or the completed Financial Disclosure Form (enclosed with the NPWW) and documentation of all their family/household monthly expenses. Within two days of receiving the financial information, the PCA must use the AWG Financial Hardship Calculator (see Appendices) to determine the percentage of disposable income and the amount of the approved payment, based on

the financial documentation received. This calculated payment amount under this plan for suspending AWG is not negotiable.

- **Consolidation:** The PCA must review and make sure the borrower is eligible for consolidation as outlined in Chapter 3, Consolidation, section 3.1.1 Eligibility. If the borrower is eligible then they will have to calculate the monthly payments as outlined in chapter 3 Consolidation, sections 3.1.3 and 3.2 and by using the AWG Financial Hardship Calculator. The PCA should request the borrower submit two current pay stubs from all working members of household or the completed Financial Disclosure Form (enclosed with the NPWW) and documentation of all their family/household monthly expenses. Within two days of receiving the financial information, the PCA must calculate both amounts. The borrower would be required to pay either the amount of the AWG Calculator (rounded up) or the amount calculated for consolidation, whichever amount is higher.

If the borrower agrees to enter into the program they must complete all the required application materials outlined in section 3.5.3, Preparing Application Material for Borrowers Signature and sign the Pre- Hearing AWG repayment agreement letter

- **For Rehabilitation, Monthly Payments and Consolidation:**
 - The PCA must tell the borrower how much time they have before the Order is expected to be sent and that they have to submit the requested financial documentation, agree to a payment amount, and make the 1st payment of the agreement by that date.
 - Within three business days of calculating the payment amount, the PCA must attempt to call and notify the borrower of the payment amount. The PCA should contact the borrower immediately if the borrower has limited time before the Order is expected to go out.
 - **If the borrower does not agree to the monthly payment amount,** offer recalculation as follows:
 - Rehabilitation: If the previous calculation was based on 15^{o/c}, the borrower can submit the required documents for a FIS rehab.
 - Monthly Repayment Arrangement: If the previous calculation was based solely on the 2 pay stubs, advise the borrower they can submit the financial disclosure statement to possibly further reduce the payment.
 - If the borrower doesn't qualify for a recalculation: advise the borrower the garnishment process will continue and that they can submit a written request for a hearing in order to receive a hearing on any objection.
 - **If borrower agrees to the monthly payment amount,** advise the borrower to read the agreement carefully and remind the borrower that (from above):
 - * To avoid the Order through voluntary repayment, the borrower must make the first payment within the 30-day period. This will temporarily prevent the Order from going out.
 - * If a signed agreement is required, the borrower must sign and return it within 10 days from the date it was sent for the Order to remain suspended.
 - * The borrower must continue to make the payments timely until the voluntary repayment agreement is completed or the Order will go out.
 - For the Monthly Repayment Arrangement agreement, see 7.0 Appendix F. For the Pre-Hearing Repayment Agreement with cover letter, and for the rehabilitation agreement letter, see 4.0 Appendix.
 - **If the borrower agrees to the monthly payment amount,** monitor the account closely for the receipt of the payment and the signed Repayment Agreement.

- * If neither the signed Repayment Agreement nor the initial payment is received by the 10-day deadline, request notice to the borrower (WG10letter) that garnishment will proceed because of no receipt of agreement or payment. Ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
 - * If only the initial payment is received by the 10-day deadline, but not the signed Repayment Agreement, make at least two attempts to telephone the borrower to warn them that they must return the signed Repayment Agreement within 7 days of the date of the telephone contact, or else garnishment will move forward. If by the 7-day deadline, the signed Repayment Agreement is still not received, no contact is made, and the borrower did not request a hearing, request notice to the borrower (WG08 letter) that garnishment will proceed because of no receipt of agreement. Ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
 - * If only the signed Repayment Agreement is received by the 10-day deadline, but not the initial payment, make at least two attempts to telephone the borrower to warn them that they must submit the initial payment before the date the Order is expected to go out or within 7 business days of the date of the telephone contact, or else garnishment proceedings will continue. If the payment is not received by the deadline, request the notice to the borrower (WG06 letter) that garnishment will proceed because of no receipt of payment. Ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
- **Suspend AWG:** If the borrower makes the initial payment before the Order is sent, suspend the garnishment as instructed in the DMCS Private Collection Manual.
 - **SET UP BILLING:** If the borrower returns both the signed agreement and the initial payment before the Order is sent, set up the voluntary repayment agreement
 - Continue to monitor the account and:
 - * If the borrower fails to make payments, remove the suspend AWG status. (See “Stopping and Reinitiating AWG” below.)
 - * If the borrower completes one of the voluntary programs, stop the AWG
 - * For further instructions on rehabilitations, see chapter 2.0 Rehabilitation section 2.5 “Wage Garnishment.”

7.7.3 Borrower Relief Guidance

1. If, within 6 months of receipt of the first AWG payment, a borrower **complains that s/he did not receive the Notice of Proposed Wage Withholding** (NPWW—WG19 Letter), PCAs and DRG must immediately
 - a. Verify the borrower’s correct mailing address, and
 - b. Stop AWG (see section, 7.19.1 Stopping AWG) if the NPWW was sent to a different address (or if the notice address cannot be determined)
 - c. If the address was correct the AWG continues

2. If a borrower raises the same complaint more than 6 months after receipt of the first AWG payment, PCAs and DRG should instruct the borrower to provide proof of his/her address as of the NPWW date. The borrower could provide a dated paystub or utility bill showing that s/he lived at an address different than the one to which the NPWW was sent. In this instance, AWG should not be stopped until/unless the borrower provides written proof that the NPWW was sent to the wrong address.

3. **Refunds:** if AWG is suspended, AWG payments will be refunded, but only if the borrower requests a refund; DRG and/or the PCA should follow normal procedures for initiating a refund request. If the borrower does not request a refund, PCAs and/or DRG should annotate this fact in the comments.
4. **System annotation:** Add the following comment
*****AWG Borrower Relief Suspension**
5. **Resuming AWG:** the day after AWG is stopped, the PCA may reinitiate AWG (see section 7.19.3 Reinitiating AWG). Before doing so, the PCA should ensure DMCS reflects the borrower's correct current address
6. Other notes:
 - a. If the borrower calls BEFORE we receive an AWG payment, but after the withholding order has been sent, the borrower IS eligible for the relief described in these procedures
 - b. DRG should implement this guidance even for PCA-held accounts—i.e., DRG should not refer borrowers to the PCA to have AWG stopped
 - c. DRG should fax the Stop Garnishment notice upon borrower request. PCAs can refer the borrower to DRG for this and should advise the borrower to have the fax number when they call.
 - d. Do not suspend AWG if the notice was sent to the borrower's correct address
 - e. FSA will provide PCAs with a Report Builder query that can be used to identify borrowers who have received this relief

7.8 VALIDATION FOR SENDING A WAGE GARNISHMENT ORDER

All debts must pass validation criteria applied by an ETL nightly. Following the procedures described in "PCA Requirements Before Requesting AWG" and "Requesting AWG..." will help ensure debts pass the validation criteria. Validation occurs at debt level.

7.8.1 Eligibility review for validation tag

Before an account can be validated it has to be reviewed for eligibility. If following conditions are met the debt(s) will be automatically be tagged with "bAWGFVal"). It is this tag that moves the account into the weekly validation ETL for the wage garnishment notices to be sent.

- 36 days have elapsed from the date the NPWW (WG19), Expired Reduced AWG payment (WG18) or Resume after suspended AWG (WG17) letter was issued
- 46 days have elapsed from the last payment due date and no payment was made
- 16 days have elapsed since the Unfavorable Hearing decision ruling
- 3 days have elapsed since Partial Hardship decision for reduce orders for withholding wages

A debt(s) will NOT be tagged for validation in the following conditions:

- Current ED balance (Prin + Int) less than \$25
- No Initiation (WG19) or Restart from FH (WG17) notice sent within 180 days
- Last system generated Welcome Letter (OP01) sent date less than 65 days
- Borrowers or Employers current address status is invalid
- Borrower employment verification date greater than 180 days
- Approved reduced voluntary payment (bSFRvw) date > 6 months
- No debt has the dAWGIP (AWG in progress) tag

- Voluntary payment received in the last 45 days

7.8.2 What happens when a validation is denied?

When a validation is denied, it is tagged bAWGFEV (failed Edit Validation) and rejected back to the PCA. The validation reject reason will be captured in the AWGDEBTinfo UDP. Accounts that fail validation will appear on the AWG Reject Review Work chain that the PCA will access on DMCS. Instructions for accessing a workchain can be found in the DMCS Private Collection Agency Manual, Accessing a workchain section) In order to resubmit a rejected account for validation the PCA must first correct the issue. Instructions for completing this can be found in the DMCS Private Collection Agency Manual, AWG Reject Review workchain section.

Common reasons for rejection:

- If an account was suspended due to a voluntary repayment agreement and the agreement has been broken, in order to resume the garnishment process, the WG19/WG18/WG17 notice must have been issued within 6 months of the request to resume garnishment process, and the appropriate WG-series notification issued to the borrower (if applicable).
- If the validation was denied due to a missing or undeliverable Notice of Proposed Garnishment (NPWW): Once the address has been verified, the PCA must reinitiate AWG (instructions in section 7.6.1 of this chapter) which should generate a new NPWW.
- Validation of account(s) with pending or open compromise agreement(s) The PCA must not initiate AWG on accounts with open or pending compromise agreements. Therefore, the PCA must not initiate AWG until the due date of the compromise agreement passes, payment history verifies that the borrower has failed to make the required payment, and the PCA has issued the WG10 letter

7.8.3 What happens when a validation is approved?

Once the account has been approved through the FSA Validation, FSA will apply the approval AR Event which sets the bAWGGrn (AWG Garnish) tag. The daily AWG ETL runs looking for this garnishment tag

Once a week a process is run to pick up all of the accounts that passed the validation ETL and tag the account with bAWGNtc1 for the First Order of Withholding (Order) letter (WG15) to be sent to the employer. The final notice is sent (WG33) to inform the borrower that garnishment proceedings will begin.

If there is no response from the employer in 36 days regarding the 1st Garnishment Order, the system (ETL) will send the 2nd Garnishment Order notice to the employer (WG16) and tags acct bAWGNtc2.

7.8.4 When an account does not move through the validation process

If the "bAWGFVal" tag is on the debt(s) and it has been 15 days since it was added or if the account has been reviewed and has met all validation requirements and none of the disqualifying conditions then a DMCS ticket needs to be opened (see chapter 20.0-DMCS Technical assistance instructions) asking them to review the accounts for why did not move through the validation process and request that they fix the issue so the order can be sent.

7.9 GARNISHMENT ORDER SENT

The First Order of Withholding letter (WG15) that is sent to the employer directs them start taking 15% of the borrower's disposable wages out of his paycheck and send it to the Department of Education.

The employer may respond to the order in several ways. They may:

- 1) Begin withholding the borrower's wages and sending the funds to FSA. Great! This places the account into an active garnishment status. Ideally, the only remaining action on the account is to monitor it until it's paid in full.
- 2) Return the Order with the reason why they are unable to comply with it. See section 7.10.1 #2, b. for legitimate reasons an employer does not comply:
- 3) Contact the PCA or FSA with questions on how to complete it

It is the PCA's responsibility to assist employers who have questions on the order and contact employers who have not already responded to the order.

7.9.1 How to assist 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.

How PCAs can handle inquiries from employer regarding the following?

Inquiry	Appropriate Response
Can the employer access a fee to the borrower for processing withholding order?	Employers are not allowed access a fee for processing the order.
Can the employer submit a monthly lump sum payment although the borrower is paid weekly/bi-weekly?	The employer may submit 1 payment per month provided the amount submitted is equivalent to the amount that would have been withheld per pay cycles combined.
Can we submit electronic payments?	Unfortunately, at the present time we're unable to receive electronic file transfers from employers
The Employer Demographic Data is incorrect and we're unable to enforce order.	Correct the Employer UDP and re-link the borrower records.
The Borrower Demographic Data is incorrect and we're unable to enforce order.	Attempt to obtain from the employer what data is incorrect and obtain the correct information to fix the borrower records, and re-issue the order.
Why does the amount reported on the order differ from the amount the borrower is reporting due?	The order issued by ED, does not include the collection cost only the outstanding principal and interest as of the date of the order.
Can we obtain an updated employee balance?	Yes, follow the procedures for requesting the WG21 Notice to be issued the employer.

Note: An employer is still a 3rd party and therefore should not be given any detail information regarding the borrower's debt or actions. The only questions the PCA should address with the employer are those that deal directly with the garnishment order.

ED will assist employers in understanding how to comply with procedural aspects of the AWG order, and provide limited guidance on legal matters. If the PCA is unable to assist with the employers questions then the employer can be referred to (404) 974- 9490, option 4.

7.9.2 Contacting Employer for update on an unanswered Order

The PCA must allow employers 21 days from the date the 1st Order of Withholding was sent to submit payment or respond prior to initiating contact.

Before contacting the employer the PCA should check:

- DMCS Financial Transactions window to see if a garnishment payment has been received—i.e. How much time has elapsed before WG16 is sent
- Check DMCS Historical Events to see if DRG has had any recent contact with the employer
- Check DMCS Images to see if the employer returned the “Employer Certification” as a response to the Order
- Check PCA notepad for recent contact with the employer or the borrower that might explain why the garnishment has not begun.

If there is no evidence of payment, correspondence, or contact with the employer, then the PCA can contact the employer in an effort to determine if there is an issue that needs resolution.

When contacting the employer the PCA should always provide the best possible customer service and always remain polite.

Contact the listed employer’s payroll, human resources or garnishment department:

- Re-verify employment status of borrower. If the borrower is not employed the garnishment must be stopped but if the borrower is employed;
- Verify the Order has been received and if it was not, follow the instructions outlined section 7.10.1 #1 &2. If it has;
- Determine the reason for non-compliance with the Withholding Order and depending on the answer follow the instructions in section 1.10.1 for that scenario.

Clearly document the DMCS Historical Events window with all communication with the employer. Specifically, document the name of the person contacted their position in the company, and the name of the CEO, CFO, Owner, or Agent of Record.

7.10 NON-COMPLIANT EMPLOYERS (NCE)

PCAs must regularly monitor AWG account for possible non-compliant employers (NCE).

NCE’s are employers that failed to submit a payment on behalf of the borrower in 61days. If it has not already been determined why they are non-compliant, you must:

- Generate a monthly NCE Report either from DMCS or PCA system.
- Contact the listed employer's payroll, human resources or garnishment department and verify the status of borrower's employment, and reason for non-compliance with the Orders:
 - Re-verify employment status of borrower.
 - Verify the original orders had been received
 - Determine the reason for non-compliance with the Withholding Order and gather any information needed as outlined in the next section "How to resolve NCE accounts" for the reason for non-compliance.
- Clearly document the DMCS Historical Events window with all communication with the employer. Specifically, document the name of the person contacted their position in the company, and the name of the CEO, CFO, Owner, or Agent of Record.
- If unable to reach the employer by telephone, either fax or request WG20 letter to be sent to the employer to obtain the information, and re-issue the withholding order.
- Make a determination on the next course of action based on the information obtained (see 7.10.1)
- All accounts must remain in NCE status. **DO NOT** remove these accounts or change their status, unless you received confirmation from the employer that the borrower is no longer employed. This information and the source **must be** documented on the **Historical Events screen**.

7.10.1 How to resolve NCE accounts

NCE account(s) normally fall within the below three categories. Determine which category they belong to and follow further the instructions below:

1. Acceptable reasons for non-compliance

- a. Employer is legally barred from enforcement at this time, due to pre-existing order(s) in excess of 25^o%, active bankruptcy, tax levy, insufficient/low wages, leave of absence etc.:
 - PCA's are expected to determine and document the duration of any of the reasons the employer is legally barred from enforcing the order. This information is usually public court records and can be obtained from most payroll offices or by a review of court records available through the Internet in most States.
 - PCA's must monitor these accounts and attempt contact with the employer for an updated on the non-compliance reason at least once a year or sooner if an end date was given that ends before that year.
- b. Employee not employed or terminated:
 - PCA's should obtain separation or termination date from employer and when possible request a fax confirmation. If the borrower was involuntarily terminated, AWG cannot be initiated for 12 months from date of termination. If the borrower was voluntarily terminated (resigned) AWG can be initiated upon locating new employer and the following A/R even needs to be created:
 - Action: ECRTRvw
 - Result: AwGSUsP
 - Complete the A/R event which will suspend the garnishment process and if new employer identified within (180) days it can be initiated without going through the validation process.
- c. Borrowers demographics or the employer demographics do not match employer data:

- Employed but borrower demographics: Obtain the documentation required to correct the information (SSN, Name, Gender) and have DMCS updated. Once it is updated, resend the order to the employer. If you are unable to obtain the corrected information, you need to stop the garnishment.
- Employer demographics: If the withholding order was not sent to the correct address, the FEIN was incorrect, wrong company name or division PCA should obtain the correct/updated demographics; update the employer UDP (see DMCS manual) and then resend the order via the EmployerInfo UDP screen.

2. For all of the categories, the PCA's must:

- a. Document the DMCS Historical Events window with all employer communication.
- b. Update DMCS based on the category the account falls under using the Action & Result.
- c. Code (A/R) events for valid non-compliance reasons below:

Reason	DMCS action code	DMCS result code
prior gar for amt >25%	ECRTRvw	LEx25Pct
insufficient wage to withhold	ECRTRvw	LEXINSWG
not an employee	ECRTRvw	LEXNAE
garnishing @ reduce amount due to existing garnishments	ECRTRvw	LEXREDG
employee terminated	ECRTRvw	LEXTERM

3. If the employers never received proper service of the withholding order and address sent to was correct:

- a. Re-send or fax the order to same address once you confirmed that it was correct.
- b. Notify the employer that you will check back with them within 2 weeks from the date the new order was mailed to ensure they received it.

4. If the employer refuses to enforce the order

- a. At this point the employers have been contacted and it has been determined that they are refusing to comply with the order for reasons other than what legally bar them from enforcing it or that they are clearly avoiding contact (i.e. numerous calls w/promised call backs or no call backs, reissued and unanswered orders).
- b. PCA must explain the regulations and consequences of continued non-compliance. (sect 34.29a) If an employer fails to comply with section 34.22 to withhold an appropriate amount from wages owed and payable to an employee, FSA may sue the employer for that amount).
- c. Clearly document the DMCS Historical Events window with the employer and what was stated regarding refusing to comply with the order or number of attempts to reach and number of orders sent. Specifically, document the name of the person contacted their position in the company, and the name of the CEO, CFO, Owner, or Agent of Record.
- d. PCA should begin to prepare the account for "NCE Request for Assistance from FSA. What this means is FSA may request the Office of General Counsel to litigate non-compliant employers. FSA will first attempt to

contact employer in in order to get them to comply. If the employer does not comply then the following conditions:

- The account balance or combine balances exceed \$3,500.00.
 - The employer has submitted no payment within the last 12 months.
 - Verify that the employer is subject to enforcement:
 - No employees of tribal reservation (at this time); No federal or military Employees ; No merchant seamen; and No United Nations or World Bank employees
 - The borrower is a current employee of the company.
 - The employer acknowledged receipt of the Withholding Order.(if employer will not confirm or deny that they have received the order and it was not returned then it is assumed it was received)
 - The employer’s legal mailing address and officer have been identified and documented to the Historical Events screen.
 - Check to see if the employer returned the Employer Certification Form (329C/D) and if there is any pertinent information why not complying or include as proof that employer is aware of requested garnishment
 - If all the conditions are met and the PCA wants to request litigation against the employer they need to submit and eIMF, see eIMF instructions for “NCE request for assistance” and include the following documentation that supports the above conditions
 - Copy of the agency’s notepad
 - Non-Compliance Employer(s) Referral Cover Sheet
 - AWG NCE Employer Referral Checklist (Part A and Part B) (See appendices.)
- e. The account balance or combine balances is less than \$3,500.00 or OGC has rejected the request for litigation, the PCA can stop AWG.
- Document DMCS and notepad with reason for stop ***Employer non-compliant and not eligible for litigation due to balance.

If Borrower is eligible for litigation (see chapter 9.0-Litigation for requirements) they should be placed in that process

7.11 REQUEST FOR HEARING(RFH)

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. Hearings may be timely or untimely and can be conducted in writing, in-person, or telephonically.

PCAs must NOT require the borrower to use a specific form or specific language to request a hearing, but the hearing request MUST be made in writing.

Objection reasons for RFH:

- Financial Hardship
- Balance Dispute
- Currently in a voluntary repayment
- Bankruptcy, Death or Disability

- Administrative Discharge: school based, service cancellation, false certification, ability to benefit
- Third/Wrong Party or Wrong SSN
- Employed less than 12 months
- Other

7.11.1 How is a Hearing is Received

Typically, request for hearing (RFH) documents are received in Greenville, TX, where they are imaged, and the AWG Borrower Information UDP is updated with 1) timely or untimely hearing, 2) post-mark date, and 3) the borrower's objection(s). The RFH will be moved into the PCA's AWG workchain. (Refer to the DMCS PCA Manual, AWG Hearings Review Workchain section for instructions on how to access this)

The PCA will on occasion receive the RFH documents directly from the borrower in their daily correspondence (mail/fax/email) - Always check DMCS to see if the RFH was already received and processed by Maximus. If it was received there will be a tag "bAWGNwRq" and the documents should be imaged.

- If it is not already imaged and tagged the PCA must immediately forward the documents through overnight express to the below address in order to get them into the workchain:

U.S. Department of Education

ATTN: Workflow

6201 Interstate 30 Highway

Greenville, TX 75402

***Should not contain payments; must contain a manifest indicating document/workflow type (AWG hearings)

- Enter the A/R Event to apply the appropriate tag to note receipt of the hearing quest by the PCA.

Action=Comment

Result=Comment

Comment=***AWG (THR or UHR) RFH POSTMARKED XX/XX/XXX RCVD ([Type of RFH request – WRITTEN, TELEPHONIC, IN-PERSON])

(THR=Timely Hearing Request or UHR=Untimely Hearing Request)

- If it's a timely hearing request see section 7.12.1 for instructions on suspending AWG on DMCS

7.11.2 Determining if a hearing is timely or untimely

It is important to make the correct determination on whether a hearing was returned timely or untimely because that will determine whether or not the borrower's garnishment order should be suspended while the hearings process is being completed. If it is timely it will be suspended if it is untimely the garnishment does not get suspended.

TIMELY HEARING REQUEST:

If the borrower mails/faxes or emails the RFH, the PCA must consider a response timely if it postmarked within 36 days (if mailed) or received in 30 days (if faxed, emailed or delivered in person) of the date Notice of Proposed Wage Garnishment (WG19) was sent.

If the hearing request is postmarked (if mailed) or received (if not mailed - e.g., fax, commercial delivery service [FedEx] or in person delivery) after 36 days from the date Notice of Proposed Wage Garnishment (WG19) was sent, but the borrower has a reasonable explanation, the PCA must submit, via eIMF, the explanation to FSA for a decision on whether to treat the request as a timely hearing request. For example, a hearing request may be considered timely under this exception if the borrower proves that he/she moved, informed the PCA of the new address, but the Noticed of Proposed Wage Garnishment went to the wrong address.

If the PCA receives a timely hearing request they must suspend AWG on DMCS by creating an AR Event using:

action code: AWGActv

Result Code: AWGSusp

Tag Created: bAWGSusp

If the PCA receives a timely hearing request after DMCS issues a garnishment order, the PCA must stop the wage garnishment (see “Stopping and Re-Initiating AWG”) and request, via eIMF, the Default Resolution Group send a Stop Wage Garnishment Order (WG30) to the employer.

UNTIMELY HEARING REQUEST:

The PCA must consider a response untimely if it postmarked 36 days after (if mailed) or received 30 days after (if faxed, emailed or delivered in person) the date Notice of Proposed Wage Garnishment (NPWW) was sent.

For untimely hearing requests, if a hearing decision has not been rendered within 60 days of receipt of the hearing request, the PCA must request garnishment be suspended. Otherwise, garnishment proceeds.

If 180 days have passed since the date of the WG19 and, for whatever reason, no garnishment order was issued to the employer, and there is a hearing decision made on an untimely hearing request, the PCA must NOT re-initiate and garnishment. Instead the PCA must reissue the NPWW letter (and the borrower has 36 days to request a timely hearing).

7.12 How to Work a Hearing Request

The PCA has 29 days of the date the hearing request is imaged into DMCS to complete the following steps in order to properly work new hearing requests.

1. Access the Hearings Workchain as instructed in the PCA Participants Manual (for DMCS) – OR – (less common) If the PCA receives hearing request documents directly from the borrower, the PCA must immediately forward the documents through overnight express to:
2. Go to the AWG Borrower Information UDP to examine the hearing request information and associated images to determine what type of objection(s) the borrower has requested the hearing for. There can be more than one objection listed.
3. Immediately send the borrower a copy of the promissory note, or request the Default Resolution Group to send the promissory note if not immediately available.
4. Review the hearings package to determine if the required documentation (found in the “Gather supporting Documentation for Hearings Package” section) for the borrowers hearing objection(s) were included. If any documentation is missing that is needed for FSA to evaluate the borrowers objection(s), the PCA should

immediately send the Request for Documentation Letter (see 7.0 - Appendix F). Enter a deadline date on the letter that is 10 days from the date the letter is being requested.

5. After sending the Request for Documentation Letter, the PCA may follow-up with the borrower by phone to advise the borrower of the missing documentation and the deadline. If the PCA chooses to follow-up by phone the PCA should attempt contact on three separate, non-consecutive days, at different times of day and using both home and work phone numbers.
6. For objections due to financial hardship, when the PCA receives complete financial information, the PCA must complete the AWG Hardship Calculator, instructions can be found in 7.0 - Appendix A).
7. If all required documentation was included, if there is a cease and desist or if it is 15 days after the Request for Documentation Letter was sent and not all of the required documentation was submitted, the PCA must prepare the RFH package for submission. To prepare the RFH package, complete the AWG RFH Cover Sheet (see 7.0 - Appendix D), and attach any RFH supporting documentation, the completed AWG Financial Hardship Calculator if applicable, copies of the promissory notes, and copies of PCA system contact records.
8. Update DMCS with all contact attempts and/or date of cease and desist.
9. The PCA must send the RFH package to the Default Resolution Group for Internal Review by overnight express mail of the RFH package to:
 - U.S. Department of Education
 - ATTN: Workflow
 - 6201 Interstate 30 Highway
 - Greenville, TX 75402
 - ***Should not contain payments; must contain a manifest indicating document/workflow type (AWG hearings)
10. Annotate the DMCS Historical Events window that the RFH package was forwarded to Maximus:
 - Action=Comment
 - Result=Comment
 - Comment=***FWD RFH PACKAGE TO MAXIMUS FOR IMAGING
11. Two days later, enter an A/R Event, to request Internal Review (by the Default Resolution Group) of the RFH. This is how DRG identifies what accounts the PCAs have completed the hearings package on and sent to them for review and draft of response.
 - Action=PCA
 - Result=Internal
 - Comment=[Describe the outcome of AWG hardship calculator, objections, any missing documentation, and any other relevant information.

7.13 GATHER SUPPORTING DOCUMENTATION FOR HEARINGS PACKAGE

If the borrower hasn't supplied all of the required information or documentation in their initial request for Hearing received, the PCA must attempt to gather the supporting documentation and information necessary for FSA to evaluate the borrower's objections to the validity or enforceability of the debt or garnishment order. Unless otherwise noted below, the PCA must attempt to contact the borrower to gather any supporting documentation and include the supporting documentation and information obtained in the RFH package sent to Maximus for imaging, as described in the "How to Work a Hearing Request" section of this chapter.

7.13.1 Financial Hardship Objection

Criteria	A financial hardship objection is when the borrower claims that the garnishment of 15
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	<p>percent of his or her disposable pay would create an extreme financial hardship for the borrower and his or her dependents.</p> <p>The borrower needs to provide financial documentation of income and expenses as proof supporting their claim.</p> <ul style="list-style-type: none"> • With this documentation the AWG Hardship Calculator will be run (instructions in 7.0-Appendix A) to determine the validity of the hardship
<p>Obtaining Documentation</p>	<p>To prepare a preliminary evaluation of a hardship claim, the PCA must gather the financial information described on the U.S. Department of Education Financial Disclosure Statement (FDS) that is included in the NPWW (Appendix G) as an attachment to the Request for Hearing Form (RFH).</p> <p>Below are the guidelines the PCA must follow pertaining to gathering documentation for income and expenses for a Financial Hardship claim.</p> <ol style="list-style-type: none"> 1. Based on the following guidelines, determine who the responsible parties are in addition to the borrower, that you will need to gather income and expense documentation from in order to complete the objection request: <ol style="list-style-type: none"> a. Only consider an individual the borrower’s “spouse” if the borrower is married to that individual. b. Consider as dependents, all individuals claimed as such on tax returns, regardless of whether the dependents are claimed by the spouse or the borrower. (<u>Dependent</u> is defined in Section 152 of the Internal Revenue Code (26 U.S. Code § 152)) c. If the borrower has a “life-partner,” or there are other adults living with them and contributing to the household, the PCA may use both the income and expenses pertaining to the “life partner” or other adult, only if the borrower readily provides complete income information. If the borrower is reluctant to provide complete income information for these individuals, it is not required. 2. Gather the following income documentation of the responsible individuals as described above in #1: <ol style="list-style-type: none"> a. The last two consecutive current pay stubs or earning statements for all members of their household with income and frequency of income (monthly, bi-monthly, weekly, bi-weekly); and b. documentation of all other income: (child support, welfare, social security, rental property income, stocks, bonds, etc.) 3. Gather the allowable basic monthly household living expense documentation of the responsible individuals described above in #1: <ul style="list-style-type: none"> • Shelter expenses: rental/mortgage payment or lease, insurance and maintenance bills/receipts. • Household expenses: food, housekeeping supplies, clothing & cleaning, & personal care services bills/receipts; • Utilities expenses: gas, electric, phone, water, sewer, trash, basic telephone, other bills; • Medical expenses not deducted from paychecks: insurance premiums, co-payments bill payments and other bill/receipts;

	<ul style="list-style-type: none"> • Transportation expenses: auto payment, auto insurance, gas and oil and parking bills and receipts for each automobile being claimed. Public transportation bills/receipts; • Child care expenses: child care, child support, other bills, court orders, contracts or Declaration of Caregiver Services form. • Other Expenses: a list of other required insurance, student loans IRS payments, other garnishments/levy's etc. and description along with bills/receipts. <p>The PCA must NOT include credit card bills, credit card payments, timeshares, and other costs as basic living expenses, that are allowed for under the National Standards, unless the borrower explains special needs in the household for these costs, and shows that the excess cost is reasonable and necessary</p>
<p>AWG Calculator Outcomes</p>	<p>PCA must enter the financial information gathered into the AWG Hardship Calculator and interpret the calculator results.</p> <p>Each outcome rests on the documentation provided by the borrower as proof of why their expenses exceed the national average amounts. If the borrower submits an explanatory statement showing a particular need or justification on why that expense exceeds the national average and that explanation is accepted, a different outcome may be appropriate.</p> <ul style="list-style-type: none"> • <u>Monthly amount FSA could garnish is equal to or exceeds 15% of the disposable income:</u> This means that the documentation provided is not showing a financial hardship and the garnishment would continue at the full 15% of disposable income. . • If the hearing request is timely the borrower can still avoid garnishment by establishing a voluntary repayment agreement at 15% or the amount determined based on the requirements of that program in conjunction with AWG requirements. If the hearing request is untimely the borrowers wages will be garnished or continue to be garnished at the rate of 15%. • <u>Monthly amount FSA could garnish is less than the 15% disposable income:</u> • This means that the documentation provided is showing a partial hardship that is less than 15% but more than 0% of the disposable pay. The borrower's garnishment order would be reduced. • If hearing request filed timely, borrower may still avoid garnishment by establishing voluntary repayment agreement at reduced rate, or the amount determined based on the requirements of that program in conjunction with AWG requirements. If hearing request untimely, borrower's wages will be garnished or continue to be garnished, but rate of withholding will be reduced rate as determined. • <u>Monthly amount FSA could garnish is \$0:</u> This means that the documentation supplied shows that the borrower has a full hardship and cannot afford any amount being garnished from their disposable pay. The borrower will not be subject to garnishment for 6 months. The borrower's financial circumstances will be reevaluated at six (6) month intervals. Borrower may still enter voluntary repayment. • If hearing request filed timely, no garnishment order will be issued. If the hearing

	request was untimely and the garnishment order already issued, order will be cancelled. The PCA must send the preliminary evaluation of financial hardship with the RFH package to Maximus for imaging and request Internal Review by the Default Resolution Group, as described in the "How to Work a Hearings Request" section of this chapter.
Do	DO update DMCS with all contact attempts.

7.13.2 Balance Dispute Objections

Criteria	A balance dispute is any objection raised that challenges the validity of the amount to be recovered, Examples of balance dispute objections are: <ul style="list-style-type: none"> • the loan was previously paid or settled in full • the loan is currently in repayment or the borrower has established a valid repayment agreement • the amount due on the loan is incorrect because not all payments had been applied
Obtaining Documentation	To prepare a preliminary evaluation of a balance dispute objection, the PCA must gather the following documentation for the type of balance claim: <ol style="list-style-type: none"> 1. Previously paid in full/compromised or missing/unapplied credit of payment(s): <ul style="list-style-type: none"> • Front and back of any missing payments and trace money orders If borrower cannot supply, ask for a written statement of when and to whom they made the payment(s). They could also include any written proof from the entity that payment was made to 2. Currently in repayment with PCA: <ul style="list-style-type: none"> • Record of an agreement on DMCS or the PCA's system. 3. Currently in a voluntary repayment agreement already reached: <ul style="list-style-type: none"> • Proof from the party with whom the agreement was made that shows: <ul style="list-style-type: none"> ○ They are the same accounts the PCA has been assigned ○ Account status ○ Holder of account ○ Type of loan/account ○ The repayment agreement letter
Don't	DON'T comment on the legitimacy of the borrower's objections. DON'T negotiate account repayment if the borrower objects to the validity of the debt (claims it should be discharged or was previously paid).

7.13.3 Bankruptcy, Death or Disability Objections

Criteria	A claim of bankruptcy, death or disability needs to be addressed through the hearing and individually as described in Chapter 17.0 - ACCOUNT RETURNS, ADMINISTRATIVE RESOLUTIONS, AND BANKRUPTCY.
Obtaining Documentation	There is limited documentation that the person reviewing the hearing can obtain. The important steps are to notify the correct PCA employee/ department who handles this type of claim on a daily basis to ensure it is handled correctly and follow up with that person/department for the outcome that will be sent in the RFH package as described in the "How to Work a Hearing Request" section of this chapter.

	<ul style="list-style-type: none"> • Bankruptcy: Forward to the appropriate PCA employee and track the results for and outcome. Supply FSA with the/outcome results. • Disability: follow PCA internal instructions for disability and track results of the claim and supply FSA with the outcome. • Death: attempt to obtain a copy of the official Death certificate forward to the department the PCA has chosen internally to handle these claims on a day to day basis, track the results and supply FSA with the outcome <p>*Any documentation for the above that is received from the PCA employee should be included in the RFH Package</p>
Don't	<p>DON'T comment on the legitimacy of the borrower's objections. DON'T negotiate account repayment</p>

7.13.4 Administrative Discharge Objections

Criteria	<p>An administrative discharge is any objection raised that is school based as described in chapter 16.0 Administrative Discharge that challenges the validity of the ability to collect the debt in full or in part. Examples of administrative discharge objections are:</p> <ul style="list-style-type: none"> • School closure • False certification: Ability to Benefit/Disqualifying Status/Unauthorized Signature/Payment • Unpaid Refund • Borrower Defense • Service Cancellation
Obtaining Documentation	<p>To prepare a preliminary evaluation of an administrative discharge objection, the PCA must gather the following documentation for the type of claim:</p> <ol style="list-style-type: none"> 1. School Closure: <ul style="list-style-type: none"> • Completed School Discharge application • Statement from the borrower on the school they attended and whether it closed during attendance or within 120 after withdrawal • Supply the front and back of any missing payments and trace money orders 2. False Certification: <ul style="list-style-type: none"> • Ability to Benefit-did not have a high school diploma or GED; diploma or GED was required for that program, or was not tested for ability to benefit: <ul style="list-style-type: none"> ○ Completed discharge application for Ability to benefit ○ Proof required as outlined in the application • Disqualifying Status-did not meet state legal requirement 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 <ul style="list-style-type: none"> ○ Completed discharge application for Disqualifying Status ○ Proof of the type of disqualifying status that was claimed • Unauthorized Signature/Payment – borrower disputes the signature on the promissory note or disbursement check for the loan or assets fraud has taken place <ul style="list-style-type: none"> ○ Completed discharge application for Unauthorized Signature/Payment ○ Proof of signature is required as outlined on page 2 of the application

	<ol style="list-style-type: none"> 3. Unpaid Refund- borrower attended school but for less than the full term for which the loan was borrowed <ul style="list-style-type: none"> • Completed discharge application for Unpaid refund • Proof required as outlined in the application • Loan has to have been made on or after 1/1/1986 for the above 3 claims 4. Borrower Defense-partial or full discharge if school attended did things or failed to do things that would amount to fraud or otherwise justify a legal action against the school under applicable state laws 5. Service Cancellation-teacher service Must be a Federal Perkins Loan Program(NDSL)
Don't	<p>DON'T comment on the legitimacy of the borrower's objections. DON'T negotiate account repayment if the borrower objects to the validity of the debt (claims it should be discharged or was previously paid).</p>

7.13.5 Employed Less than 12 months Objections

Criteria	In order to be eligible for the objection, the borrower must be employed at less than 12 months and terminated from their previous employer (if they voluntarily resigned from their previous position they are not eligible), is making less than 30 times the federal minimum wage or if the borrower is not an employee of the company.
Obtaining Documentation	<p>To prepare a preliminary evaluation of an employed for less than 12 months and they were terminated from previous employer, under-employed or unemployed, the PCA must gather the following information and/or documentation for the type claim:</p> <ol style="list-style-type: none"> 1. Less than 12 months: <ul style="list-style-type: none"> • Proof of hire date • Proof of involuntary separation from previous employer • If above 2 are not obtain from borrower, call the employer and verify date employed. If less than 12 months call the previous employer and determine if terminated or resigned. 2. Under-employed or unemployed: <ul style="list-style-type: none"> • Request copy of termination notice • Request letter from Unemployment Office Verifying status. • At least the last 2 current pay stubs or a letter from the employer certifying the hourly amount and number of hours • Call the employer, and verify date unemployed, and determine if terminated or resigned or rate of pay and number of hours the borrower works. Verbal confirmation is acceptable but you should also obtain the name and title of person you are speaking with
Outcome How to handle employment duration information:	<p>PCA verified that borrower is employed less than 12 months after involuntarily separated</p> <ul style="list-style-type: none"> • Enter the following A/R Event: Action Code: ECRTRVW Result Code: bAWGLex • Stop AWG • Request the stop order (WG30 letter). • Attempt to negotiate voluntary repayments once the order is stopped

	<p>PCA verifies that borrower is unemployed:</p> <ul style="list-style-type: none"> • Stop AWG • Submit cancellation of hearing notice to FSA • Attempt to negotiate voluntary repayment <p>PCA verifies that information submitted by borrower is false, or borrower fails to return documentation</p> <ul style="list-style-type: none"> • The PCA must send the RFH package to Maximus for imaging and request Internal Review by the Default Resolution Group, as described in the “How to Work a Hearings Request” section of this chapter.
Don't	DON'T comment on the legitimacy of the borrower's objections.

7.13.6 Third party/wrong person or incorrect Social Security Number objections

Criteria	In order to be eligible for the objection being claimed, the borrower or third party must submit proof that the SSN used for the garnishment order is not theirs or that it is their SSN but they are not the borrower.
Obtaining Documentation	<p>To prepare a preliminary evaluation of third party/wrong person or incorrect SSN, the PCA must gather the following documentation for the type claim:</p> <ol style="list-style-type: none"> 1. Third party/wrong person: <ul style="list-style-type: none"> • Request copy of driver's license • Birth Certificate • Social Security Card • Request credit bureau check • Attempt to contact by phone to obtain information. 2. Incorrect SSN and doesn't owe the debt: <ul style="list-style-type: none"> • Copy of Social Security Card • Request credit bureau check • Attempt to contact by phone to obtain information. • If the garnishment order (WG15) letter has been sent, contact the employer to verify they have an employee with the same name and social security number.
Don't	<p>DON'T comment on the legitimacy of the borrower's objections.</p> <p>DON'T negotiate account repayment</p>

7.13.7 Not enforceable for “Other” reasons objection

Criteria	This is when the borrower believes this debt is not enforceable for other reasons than what is listed on the RFH.
Obtaining Documentation	<ul style="list-style-type: none"> • The borrower must provide documentation to substantiate their objection. • make at least 2 attempts to reach borrower at work and home to request supporting documents for their claim.
Don't	<p>DON'T comment on the legitimacy of the borrower's objections.</p> <p>DON'T negotiate account repayment unless the objection is identified as one where it can be negotiated</p>

7.13.8 Hearing request with no specific objection stated

Criteria	In this situation it is basically a fact seeking mission to identify if the borrower is actually claiming one of the above objections or an objection that is outside of the ones listed on the RFH form. If it is identified that it is one of the above described objections then you would handle the hearing request as described for that type of claim.
Obtaining Documentation	<ul style="list-style-type: none"> • If no cease and desist make at least 2 attempts to reach borrower at work and home to discover objection, and request supporting documents. • Review the PCA and DMCS systems to try to identify issue. • Attempt to negotiate account repayment, handle as a hardship claim, or cancel hearing if borrower agrees to voluntary repayment at 15%^o. --- see section ---- for specifics on how to handle a voluntary repayment or financial hardship
Don't	DON'T comment on the legitimacy of the borrower's objections. DON'T negotiate account repayment unless the objection is identified as one where it can be negotiated

7.14 Request for voluntary repayment when a Hearing Objections is filed

In some instances a borrower can still arrange a voluntary repayment if they have filed a Request for Hearing:

If the borrower submitted a hearing request with objections based on bankruptcy, administrative discharge or disability DO NOT attempt to negotiate repayment. Handle the hearing request as described in the "Gathering Supporting Documentation for Hearings Package" section

If the borrower submitted a hearing request with the objection of financial hardship, balance dispute, garnishment amount or employed less than 12 months the PCA can negotiate repayment. The PCA should handle the hearing request separately from the repayment negotiation and continue to obtain necessary documentation for the hearing requested, as described in Gathering Supporting Documentation for Hearings Package" section.

1. If the borrower wishes to enter into a voluntary repayment they must be notified that
 - the agreement will cancel out the Hearing request.
 - if the hearing was "timely" AWG will be suspended but if the hearing request was "untimely" the payments for the arrangement will be on top of the garnishment.
2. Once the borrower has entered a voluntary repayment agreement, the PCA must follow the instructions in section 7.12 How to Work a Hearings Requests, #9-11. The only change would be in #11, the comment should state: BORROWER ENTERED INTO VOLUNTARY REPAYMENT CANCEL HEARING. This will prompt a request to the Default Resolution Group to draft a letter to notify the borrower that the hearing was cancelled.

Update AWG UDP, field "Hearing Canceled Date" with the date the A/R event was completed.

3. If the PCA cannot or will not be able to successfully negotiate a voluntary repayment agreement within 29 days of the date the request for hearing was received the PCA must follow the instructions in section 7.12 How to Work a Hearings Requests, #9-11. The only change would be in #11, the comment should still describe the outcome of the hearing type but it should also include at the end, "UNABLE TO NEGOTIATE VPY"
4. The borrower has the following repayment options:
 - **Lump Sum Balance in Full (BIF):** Borrower should make payment before the hearing is completed in order to cancel the hearing, but even if the BIF comes in after the hearing is completed, the payment will still stop the garnishment.

- **Compromise, a.k.a., Settlement in Full (SIF):** The PCA may agree to a compromise (accept a lesser amount than BIF) according to the requirements in 4.0 – COMPROMISES AND REPAYMENT SCHEDULES.
 - If you have reached a compromise agreement the hearing would only be canceled if the full compromise amount was posted before the 29th day of the date the request for hearing was received.
 - The compromise agreement the PCA sends must notify the borrower that: they are liable to repay the amount of any payment credited to the debt that is subsequently reversed (e.g., a TOP injured spouse claim) and that the borrower is required to withdraw any request for hearing that was filed
 - There are two types of compromises the borrower can agree to: (1) a lump sum (paid in one payment) or (2) installment (several payments over a 90-day period). The PCA must send the specific compromise agreement letters for the type the borrower agrees to (See 7.0 Appendix F-PCA letters: Compromise Agreement & Cover Letter.)
- **Rehabilitation, Monthly Repayment Arrangements and Consolidation:**

Call the borrower and explain what options are available and determine if they are eligible for the option they would like to pursue. The borrower has seven days from the date of that phone call to submit the completed financial documentation for the repayment option they are choosing.

 - if the requested financial information is not received within seven days from the date of the telephone call, the hearing process will continue and the PCA should request the WG03 letter.
 - if the complete financial information is received timely, the PCA has 2 business days to complete the payment calculation based on the type of repayment option the borrower is requesting.
 - Below is a description of the financial information required for each option available and how to calculate the monthly payment amount:
 - **Rehabilitation:** Make sure the borrowers debt(s) are eligible and if they are the PCA must request documents and calculate the payment amount by the guidelines for rehabilitation. See chapter 2.0 – Rehabilitation for eligibility, document requirements and calculators needed for determining the monthly payment amount.
 - **Monthly Repayment Arrangement:** Any borrower is eligible for this repayment option. Request the borrower submit two current pay stubs from all working members of household or the completed Financial Disclosure Form that came with the NPWW (see 7.0-Appendix G) and documentation of all their family/household monthly expenses. the PCA must use the AWG Financial Hardship Calculator (see 7.0-Appendix A) to determine the percentage of disposable income and the amount of the approved payment, based on the financial documentation received. This calculated payment amount under this plan is not negotiable.
 - **Consolidation:** This option is only available for borrowers who have filed “timely” hearing requests. The PCA must review and make sure the borrower is eligible for consolidation as outlined in Chapter 3.0-Consolidation, section 3.1.1 Eligibility. The PCA should request the borrower submit two current pay stubs from all working members of household or the completed Financial Disclosure Form enclosed with the NPWW (see 7.0-Appendix G) and documentation of all their family/household monthly expenses. The PCA will have to calculate the monthly payments on 2 calculators, the first is as out lined in chapter 3.0-Consolidation, sections 3.1.3 and 3.2 and the second is by using the AWG Financial Hardship Calculator (7.0-Appendix A). The borrower would be required to pay either the amount of the AWG Calculator (rounded up) or the amount calculated for consolidation, whichever amount is higher.
 - If the borrower agrees to enter into the program they must complete all the required application materials outlined in section 3.5.3, Preparing Application Material for Borrowers Signature and sign the Pre- Hearing AWG repayment agreement letter

5. Call to notify borrower of payment amount

Within three business days of calculating the monthly payment amount, attempt to call the borrower and inform him/her of outcome.

- If the borrower refuses to pay the amount calculated, the PCA should inform the borrower the original hearing request will continue.
- If borrower agrees to pay the amount calculated, advise the borrower that they must signed and returned a repayment agreement letter, along with the first required payment within the next 10 days (beginning on the date the agreement is mailed to the borrower). Remind the borrower to read the Agreement carefully, but do not attempt to explain the terms by telephone.
- mail the Pre-Hearing Repayment Agreement with cover letter (see 7.0 - Appendix F) or the Rehabilitation Agreement letter (see 4.0 - Appendix) depending on the repayment option the borrower agreed to.
- The borrower must continue to make the payments timely until the voluntary repayment agreement is completed or the Order will go out.

6. Monitor the account closely for the receipt of the payment and the signed Repayment Agreement.

- If neither the signed Repayment Agreement nor the initial payment is received by the 10-day deadline, ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
- If only the initial payment is received by the 10-day deadline, but not the signed Repayment Agreement, make at least two attempts to telephone the borrower to notify them that they must return the signed Repayment Agreement within 7 business days of the date of the telephone contact or if no contact is made request notice to the borrower that they have 7 business days of the date of the letter (WG09) to return the agreement or the garnishment will proceed. If the repayment agreement letter is not returned by the deadline, ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
- If only the signed Repayment Agreement is received by the 10-day deadline, but not the initial payment, make at least two attempts to telephone the borrower to warn them that they must submit the initial payment within 7 business days of the date of the telephone contact or if no contact is made request notice to the borrower that they have 7 business days of the date of the letter (WG07) to submit the payment or the garnishment proceedings will continue. If the payment is not received by the deadline, ensure the account is properly tagged for validation of the Order (see the DMCS Private Collection Manual).
- If the borrower returns both the signed Agreement and the appropriate payment by the deadline(s), set up billing for the voluntary repayment agreement and if the hearing was timely suspend AWG as instructed in the PCA Participants Manual (for DMCS).

7. If the borrower fails to make payments at any time during the repayment, the PCA must remove the suspend AWG status. (See "Stopping and Reinitiating AWG" below.) to reinitiate AWG due to failure to comply with the agreement.

7.15 HEARING PROCESS

7.15.1 What is an AWG Hearing?

In an AWG hearing, a hearing official considers any argument and evidence regarding an objection by a borrower to enforce

A hearing may be a:

- a. written records hearing (a.k.a. “paper hearing”) – conducted by a review of written materials and other records ;
- b. oral hearing by telephone (a.k.a. “telephone hearing”) – conducted by considering both written materials and records with testimony presented by telephone; or
- c. in-person hearing – conducted by considering both written materials and records with testimony presented in person

The decision of the hearing official in an AWG hearing is the decision of the Secretary, and is the final action of the Department for purposes of judicial review

7.15.2 Grounds for requesting a hearing

The borrower is entitled to receive a telephone, in-person, or written hearing within 60 days of receipt of the first request for hearing by FSA, or the garnishment order must be stopped until a decision has been rendered. All in-person hearings are held at one of the three regional offices: Atlanta, Chicago, or San Francisco; the borrower is responsible for the cost of attending and of any witnesses to attend on their behalf.

7.15.3 Impact of prior hearing decisions

Prior AWG-related actions may affect the current hearing process. If FSA made an AWG decision after March 21, 2003 that includes a finding or ruling that a particular debt was past-due, valid and enforceable in a particular amount, any future challenge to that finding is a “request for reconsideration,” no matter what the borrower calls the objection or what form the objection takes. See “Reconsiderations” below.

To ensure fairness, the reconsideration limit is to be applied only if the prior decision was issued after March 21, 2003 and contained the explanation on the scope of future challenges being limited to reconsideration.

7.15.4 Impact of prior voluntary repayment agreements

Agreements after the Notice of Proposed Wage Garnishment – In most cases, when a borrower agrees to a voluntary repayment after the Notice of Proposed Wage Garnishment is issued, he or she withdraws any pending hearing request and agrees that FSA may order garnishment immediately, if he or she fails to honor the repayment agreement. If the borrower requests a hearing in response to the notice of garnishment issued for failing to honor a voluntary repayment agreement, the PCA must consider it an untimely hearing request.

7.15.5 Reconsideration

Reconsideration is the review of an issued AWG decision. The borrower can obtain judicial review of an AWG decision, but FSA has no formal procedure for appeal of the Hearing Official’s decision. However, the borrower can request FSA to reconsider – and change -- that decision, based on changed financial circumstances or new evidence that demonstrates that FSA should reconsider an objection the existence, amount, or enforceability of the debt. The PCA must not require a particular form for requesting reconsideration. The borrower present what is in fact a request for reconsideration as a request for a hearing.

If the PCA suspects that the borrower is requesting a reconsideration, the PCA must continue to process the request as request for a hearing; the hearing official will determine whether it is a request for reconsideration. However, the PCA may request the borrower to submit new evidence in support of his/her objections.

If the borrower has already received a hearing decision and then makes a request, based on financial hardship, for reconsideration of that decision to garnish, FSA may reconsider if the borrower shows by evidence presented with the reconsideration request that the borrower's financial circumstances have "materially changed since we issued the decision."

FSA does not suspend or delay issuance of a garnishment order when the borrower requests reconsideration or submits a subsequent Request for Hearing on a debt. However, FSA immediately processes claims of current bankruptcy filing or bankruptcy discharge at any time, and also gives priority to claims of disability and financial hardship based on under-employment (making less than 30 times the federal minimum wage.)

7.16 POST-HEARING VOLUNTARY REPAYMENTS

Borrowers can make repayment arrangements with the PCA once the hearing is completed and a decision is made. If the hearing was timely and they still wish to avoid the garnishment order from going out they have 15 days from the date of the hearing decision letter to ensure all the below required steps are met. If the hearing was untimely than the arrangements would be on top of the garnishment.

7.16.1 If the borrower makes the 1st payment and returns the signed agreement by the 15th day of date on the hearing decision, you can suspend the garnishment order from going out by updating the billing information in DMCS. Hearing decision denied, no hardship claim

This is when he borrower had a hearing on something other than hardship and the claim was denied. In this scenario the borrower needs to supply financial documentation for monthly repayment options.

REQUEST AND PROCESS FINANCIAL INFO

When the borrower contacts the PCA to arrange voluntary payments, advise what is required for repayment options:

- **Lump Sum Balance in Full (BIF):** If the hearing was timely and the borrower wishes to avoid the garnishment, the borrower must make the payment before the Order goes out.
- **Compromise, a.k.a., Settlement in Full (SIF):** The PCA may agree to a compromise (accept a lesser amount than BIF) according to the requirements in 4.0 – COMPROMISES AND REPAYMENT SCHEDULES.
 - If you have reached a compromise agreement, the borrower must have the 1st of the payments post to DMCS or the credit card successfully processed within 7 days of the telephone call and 10 business days to return the compromise agreement letter. If the hearing was timely and the borrower is attempting to avoid the Oder they 1st payment must be received before the deadline on the hearing decision.
 - Mail the appropriate compromise agreement letter. If the hearing was timely send the "Pre-Garnishment Compromise Agreement" and if the hearing was untimely or beyond the deadline given in the hearings

decision notice mail the "Post-Garnishment Compromise Agreement". Samples of both letters can be found in 7.0- Appendix F- PCA Letters, 5 and 6.

- **Monthly repayment arrangement or Rehabilitation:** he or she has exactly seven days from the date of that phone call to submit the completed Financial Disclosure Form (enclosed with the NPWW) and documentation of all their family/household monthly expenses or the required documentation for rehabilitation. If it is not received, the garnishment process will continue.
- If this financial material is not received within the 7 day deadline, request the WG02 letter.
- When the PCA receives complete financial information, the PCA must:
 - complete the AWG Financial Hardship Calculator (see appendices); OR if a borrower seeks to avoid wage garnishment with a voluntary repayment agreement, and also seeks, and is eligible for, rehabilitation of his/her loans, the PCA must calculate the payment amount for both voluntary repayment and rehabilitation using the reasonable and affordable payment guidelines for rehabilitation.

CALL TO NOTIFY BORROWER OF PAYMENT AMOUNT

Within two business days of completing the AWG calculator, attempt to call the borrower and inform him/her of the payment amount calculated.

- If the borrower refuses to pay the amount calculated, request the WG27 letter
- If borrower agrees to pay the amount calculated advise the borrower that a repayment agreement must be signed and returned along with the first required payment within the next 10 days (beginning on the date the agreement is mailed to the borrower). Remind the borrower to read the Agreement carefully, but do not attempt to explain the terms by telephone.
- Mail the appropriate agreement depending on whether the borrower is attempting to rehabilitate or just remain on a monthly repayment until the account is paid in full. A sample of the monthly agreement can be found in 7.0- Appendix F- PCA Letters, "Post-Hearing Repayment Agreement", 4a &b and the Rehabilitation Agreement letter can be found in 2.0-Appendix A.
- If the arrangement is not a rehabilitation, notify the borrower that they will need to supply new financial documentation every six months to determine if the payments need to increase

MONITOR FOR PAYMENT AND SIGNED AGREEMENT

Monitor the account closely for the next 10 days following the mailing date of the agreement for the receipt of the payment and the signed Repayment Agreement.

- If neither the signed Repayment Agreement nor the initial payment is received within 10 days, immediately request the WG25 letter.
- If only the appropriate payment amount is received by the 10day deadline, but not the signed Repayment Agreement, make at least two attempts to telephone the borrower to warn that he or she must return the signed Repayment Agreement within 7 days of the date of the telephone contact, or garnishment proceedings will continue. Request the WG26 letter.
- If the signed Repayment Agreement is still not received by the 7 day deadline, request the WG25 letter
- If only the signed Repayment Agreement is received by the 10 day deadline, but not the first payment, make at least two attempts to contact the borrower by telephone to warn that he or she must submit the first

payment within 7 days of the date of the telephone contact, or garnishment proceedings will continue. Request the WG07 letter.

- If the payment is not received by the 10-day deadline, request the WG25 letter
- If the borrower returns both the signed Repayment Agreement and the required payment within the deadline
- Update DMCS billing with the due date and payment amount (this action will stop the order from going out)
- suspend AWG as instructed in the DMCS Private Collection Manual
- Update DMCS Historical events

7.16.2 Post-hearing, hardship claim denied or hardship partially allowed

This is when the borrower had a hearing on their hardship claim and it was either denied or the amount was reduced. In this scenario the borrower's financial documentation for monthly repayment options should already be available.

NOTIFY BORROWER OF PAYMENT AMOUNT

If borrower contacts the PCA to make voluntary repayment arrangements, after FSA denied or partially allowed the borrower's hardship claim, the PCA must advise the borrower that he/she must make payment amount specified in the hearing decision ; OR the amount calculated by using the reasonable and affordable payment guidelines for rehabilitation, if the borrower seeks to avoid wage garnishment with a voluntary repayment agreement, and also seeks, and is eligible for, rehabilitation of his/her loans.

1. If the borrower refuses to pay, request the WG27 letter for denied claim or WG01 for partially allowed
2. If borrower agrees to pay, advise the borrower that the Repayment Agreement must be signed and returned along with the first required payment within the next 10 days (beginning on the date the agreement is mailed to the borrower). Remind the borrower to read the Agreement carefully, but do not attempt to explain the terms by telephone.
3. Mail the appropriate agreement depending on whether the borrower is attempting to rehabilitate or just remain on a monthly repayment until the account is paid in full. A sample of the monthly agreement can be found in 7.0- Appendix F- PCA Letters, "Post-Hearing Repayment Agreement", 4a & b and the Rehabilitation Agreement letter can be found in 2.0-Appendix A.

MONITOR FOR PAYMENT AND SIGNED AGREEMENT

Monitor the account closely for the next 10 business days following the mailing date of the agreement for the receipt of the payment and the signed Repayment Agreement.

1. If neither the signed Repayment Agreement nor the initial payment is received within 10 days, request the WG25 letter
2. If only the appropriate payment amount is received by the 10 day deadline, but not the signed Repayment Agreement, make at least two attempts to telephone the borrower to warn that he or she must return the signed Repayment Agreement within 7 days of the date of the telephone contact, or garnishment proceedings will continue. Request the WG26 letter.

- If the signed Repayment Agreement is still not received by the 7 day deadline, request the WG25 letter
3. If only the signed Repayment Agreement is received by the 10 day deadline, but not the first payment, make at least two attempts to contact the borrower by telephone to warn that he or she must submit the first payment within 7 days of the date of the telephone contact, or garnishment proceedings will continue. Request the WG07 letter.
 4. If the payment is not received by the 10-day deadline, request the WG25 letter
 5. If the borrower returns both the signed Repayment Agreement and the required payment within the deadline:
 - suspend AWG as instructed in the DMCS Private Collection Manual.
 - Update DMCS billing with the due date and payment amount (this action will stop the order from going out)
 - Update the DCMS Historical Events window.

The borrower may not negotiate the payment amounts required, but only the dates on which payments are due.

7.16.3 Post-hearing, hardship allowed

This is when the borrower had a hearing on their hardship claim and it was approved for a full hardship for the next 6 months. In this scenario the borrowers will not need financial documentation for monthly repayment options unless they are choosing to go onto rehabilitation and then the documentation should already be available.

NOTIFY BORROWER OF PAYMENT AMOUNT

If borrower contacts the PCA to make voluntary repayment arrangements, after FSA approves the hardship claim the PCA must advise the borrower that he/she can make a payment amount they are offering; OR the amount calculated by using the reasonable and affordable payment guidelines for rehabilitation, if the borrower seeks to avoid wage garnishment with a voluntary repayment agreement, and also seeks, and is eligible for, rehabilitation of his/her loans.

1. If borrower agrees to pay, advise the borrower that the Repayment Agreement must be signed and returned along with the first required payment within the next 10 days (beginning on the date the agreement is mailed to the borrower). Remind the borrower to read the Agreement carefully, but do not attempt to explain the terms by telephone.
2. Mail the appropriate agreement depending on whether the borrower is attempting to rehabilitate or just remain on a monthly repayment until the account is paid in full. A sample of the monthly agreement can be found in 7.0- Appendix F- PCA Letters, "Post-Hearing Repayment Agreement", 4a & b and the Rehabilitation Agreement letter can be found in 2.0-Appendix A.

MONITOR FOR PAYMENT AND SIGNED AGREEMENT

Monitor the account closely for the next 10 business days following the mailing date of the agreement for the receipt of the payment and the signed Repayment Agreement. Since this a completely voluntary option for the borrower there are no repercussions if they don't return what is required to be on one of the approved plans therefore all attempts are strictly to ascertain whether or not the borrower is serious about entering into an approved repayment arrangement.

1. If neither the signed Repayment Agreement nor the initial payment is received within 10 days, attempt to reach the borrower and determine if they are still attempting to resolve this.

2. If only the appropriate payment amount is received by the 10-day deadline, but not the signed Repayment Agreement, make at least two attempts to telephone the borrower to explain that the signed Repayment Agreement is required for either option to be considered an approved plan and it must be returned within 7 days of the date of the telephone contact
3. If only the signed Repayment Agreement is received by the 10-day deadline, but not the first payment, make at least two attempts to contact the borrower by telephone to explain that he or she must submit the first payment within 7 days of the date of the telephone contact, or the option will not be considered an approved arrangement.
4. If the borrower returns both the signed Repayment Agreement and the required payment within the deadline, set up the voluntary repayment agreement and suspend AWG as instructed in the DMCS Private Collection Manual.
 - Update DMCS billing with the due date and payment amount
 - Update the DCMS Historical Events window

7.17 COMPROMISES IN AWG

In the course of the garnishment process, the PCA may agree to a compromise an account according to the requirements in 4.0 – COMPROMISES AND VOLUNTARY REPAYMENT. The compromise agreement must notify the borrower that he/she is liable to repay the amount of any payment credited to the debt that is subsequently reversed (e.g., a TOP injured spouse claim).

The compromise agreement also requires the borrower to withdraw the request for hearing if not already received.

If an account had been previously initiated in AWG prior to placement with an agency, the following rules apply:

- No compromise agreement is valid without express and documented approval of the Department of Education or its authorized representative (PCAs are authorized representatives).
- All compromise agreement must be clearly documented in the DMCS Historical Events window.
- All compromise agreement must be in writing, signed by the borrower, and clearly indicate payment due dates and consequences for failure to meet essential deadlines for payment.

Can the borrower pay a compromise to resolve the debt once garnishment has been ordered?

Borrowers can and quite often do negotiate lump sum payoffs of a debt after garnishment has started, however, FSA does not stop garnishment until the compromise amount has been paid. Any overpayments of the compromise amount resulting from a garnishment payment will be returned to the borrower. For more information, see 4.0 – COMPROMISES AND VOLUNTARY REPAYMENT.

7.18 SERVICING POST-WAGE GARNISHMENT ACCOUNTS

7.18.1 Verifying employment and financial info after 180 days

PCAs must follow-up with the borrower every 180 days (six months) after the initial hearing decision and any subsequent changes to garnishment or voluntary payment amounts based on hardship claims.

Within 30 days of the expiration of the borrower’s current arrangement (suspension, reduction, or voluntary arrangement), re-verify borrower name, SSN, residential address, and place(s) of employment (POE), including corporation legal name, central/national payroll department mailing address, contact person, and Federal Employer Identification Number (FEIN).

Within 20-twenty days of the expiration of the borrower’s current arrangement (suspension, reduction, or voluntary arrangement):

- Verify that the borrower is still a candidate for AWG (See “Before Requesting AWG” above.)
- Request the WG17 (for full financial hardship) or WG 18 (for partial financial hardship) letter to request a financial update so that the PCA may identify financial and/or employment status changes.
- Complete the AWG Hardship Calculator using the new financial information. If the calculated payment amount has changed:
 - notify the borrower of the change by telephone;
 - send a Post-Hearing Repayment Agreement to the borrower;
 - set up billing on the new amount;
 - enter the A/R Event:
 - Action: BAWGNWHC
 - Result: BAWGPHRC /BAWGCRSN /BAWGFHRC
 - Annotate the DMCS Historical Events window.
- If the borrower does not request a hearing, provide financial information or sign the new repayment agreement by the deadline established, refuses to pay, or does not sign the payment agreement, the account will automatically enter validation for garnishment.
- If there is no change to the calculated payment amount, no further action is required.

Activity	Action Code	Result Code	Tag Activity
Reactivate Suspend AWG	AWGSusp	AWGActv	Set bAWGActv, remove bAWGSusp
Remove AWG Suspension	AWGSusp	RmvSusp	bAWGSusp

Document all updated information as appropriate in the DMCS and PCA system, including documentation of all contacts made on the DMCS Historical Events window and explanation of any changes to employment information (such as changes to the name of the employer).

7.19 STOPPING AND RE-INITIATING AWG

Once a withholding order has been issued, PCAs are **prohibited** from suspending or stopping the AWG process, **unless** the reason falls under one of the following below categories.

7.19.1 Stopping AWG

If the account falls under one of the following conditions AWG may be stopped:

- the borrower is deceased

- the borrower or employer provides evidence the borrower is no longer employed at that employer
- the borrower resolves the account
- the borrower provides evidence proving he/she did not receive the WG19 letter due to an incorrect address or interference with delivery.(see section 7.7.3, Borrower Relief)

How to stop AWG:

To Stop AWG the PCA may enter the following A/R event:

Action Code	Result Code	Tag Activity
AWGSusp	StopColl	bAWGStop

7.19.2 Suspending AWG

If the account falls under one of the following conditions AWG must be suspended:

- the borrower files a timely request for hearings
- the borrower files bankruptcy
- only on rehab-eligible loans once the borrower has made five of the nine payments required for rehab, and ONLY if:
 - the signed rehabilitation agreement was received
 - the payments were officially calculated using the required documentation;
 - They were qualifying payments within the required time frame (for FFEL and Direct loans, there were five payments in a six-month period and NDSLs there were 4 consecutive monthly payments); and
 - the borrower has not previously earned suspension in this way.

PCAs must initiate suspension of AWG within 3 business days of when the borrower’s fifth rehab payment posts to DMCS. (See 2.0 – REHABILITATION)

How to suspend AWG:

To suspend AWG the PCA may enter the following A/R event:

Action Code	Result Code	Tag Activity
AWGActv	AWGSusp	bAWGSusp

Note: Once the Stop AWG AR’s are used– the only way to set up AWG again is to reinitiate. In the case of a “Favorable” hearing decision AWG is stopped (tag bAWGStop) and would need to be reinitiated if necessary. In the case of “Full Hardship” AWG is Suspended (tag bAWGSusp) and does not need to be reinitiated in the future as notices will automatically be sent by system 30 days prior to expiration in UDP.

Important: When Suspending or Stopping AWG and if the WG15 was scheduled and not sent, cancel it and all other AWG notices if they exist i.e., WG13, WG15, WG16, WG17, WG18, WG19, WG22, WG32, WG33 and RG02. When the ETL runs the WG30 will be scheduled and all AWG tags are removed

7.19.3 Reinitiating or reactivating AWG

To manually remove the suspend/stop force collection activities and re-initiate AWG:

Debts must have a debt level tag of DAWG.

Activity	Action Code	Result Code	Comment	Tag Activity
Reactivate Suspend AWG	AWGSusp	AWGActv	The reason why AWG is being returned to active	Set bAWGActv, remove bAWGSusp
Remove AWG Suspension	AWGSusp	RmvSusp		bAWGSusp

If 180 days have passed since the date of the WG19 and, for whatever reason, no garnishment order was issued to the employer, and there is a hearing decision made on an untimely hearing request, the PCA must NOT re-initiate and garnishment. Instead the PCA must reissue the WG19 letter (and the borrower has 36 days to request a timely hearing).

7.19.4 Documenting DMCS

The PCA must document the DMCS Historical Events window with the reason for stopping, suspending or reinitiating AWG.

7.19.5 When AWG should not be stopped or suspended

To maintain FSA's position in the ranking of pending Liens, and other withholding orders (such as child support), the PCA must not stop AWG (i.e. the PCA must maintain the garnishment order) if:

- Borrower has been laid off, with an estimated date of return
- Borrower is on short-term disability, with an estimate date of return
- Borrower is on leave of absence with an estimated date of return
- Borrower makes insufficient wages to deduct
- Borrower has low income
- Borrower is a seasonal employee, and is still employed by the same employer
- Borrower is a temporary or part-time employee
- Borrower has child support order (s) or prior garnishment(s) that exceed 25% of disposal pay

7.0 - Appendix A – AWG Hardship Calculator Supplemental Instructions

The AWG Hardship Calculator has many worksheets. The primary worksheets PCAs will use are:

- “enter data” - where PCAs enter financial information
- “Instructions” - supplies detailed instructions for entering financial information
- “AWG CALCULATOR” - presents the financial information enters; PCAs print this worksheet to send to FSA (some calculator tools on the far right side will not print)

Also, a “Calculator Cell explanation” worksheet allows PCAs to enter a cell # for instructions on what to enter in a particular cell.

The following instructions supplement the “Instructions” and “Calculator Cell explanation” worksheets.

Gross pay:

As instructed in the “enter data” worksheet, you can enter multiple paycheck amounts to arrive at an average. You may also manually divide the various YTD amount by the number of pay periods to get an average. This is particularly useful for intermittent overtime. This is less useful during the first few pay periods of the year as a person may or may not work overtime during that period but not the rest of the year. The average may then be too high or too low.

Existing Garnishment:

Disposable pay is defined as that part of the compensation of any individual from an employer remaining after the Medical Insurance and deduction of any amounts required by law to be withheld.

Normally, retirement, life insurance and similar items go under expenses. If a debtor is already being garnished and it is determined that such things as retirement and insurance was deducted before the employer determined the 15%, do not put retirement and insurance as expenses.

Court ordered childcare is NOT to be deducted from disposable pay in computing the 15%. Whether owed pursuant to court order or voluntary agreement, the obligation is considered an expense. If the debtor is already being garnished at 25%, the debtor cannot be garnished and the AWG Hardship calculator does not have to be completed.

County:

The spelling of the county must be consistent with the spelling on the spreadsheet for that state. If you do not know the county, and have properly entered the city and the state, the county will appear on the right side of the box. Otherwise the number “2” will appear. If you have properly entered the name of the city and state and still get a “2”, there are instructions on the last spreadsheet as to how to find the correct county.

Other Expenses:

Common other expenses include day care, medical and life insurance, medical expenses not paid by insurance, child support or IRS payments that are not being garnished.

Only necessary expenses are entered. Do not accept cable service costs, unnecessary long distance charges, credit card bills, timeshares, etc. Attach a note to the Calculator listing expenses that were denied as unnecessary.

In extraordinary circumstances, mostly due to medical conditions, the standard amount accepted under Housekeeping, etc., Housing and Utilities or Transportation may be too low for the borrower. In this case, the additional expense must be put in Other Expenses. For example, if Housing/Utilities expenses exceed standards accepted expenses by \$300 due to high electrical bills for running medical equipment, include the \$300 in Other Expenses.

7.0 - Appendix B – HHS Poverty Guidelines

National Poverty Standards: <http://aspe.hhs.gov/poverty/figures-fed-reg.cfm>

The federal poverty level is updated in January of year to keep up with inflation.

The poverty guidelines are not defined for Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and Palau. In cases in which a federal program using the poverty guidelines serves any of those jurisdictions, the federal office which administers the program is responsible for deciding whether to use the contiguous-states-and-D.C. guidelines for those jurisdictions or to follow some other procedure.

7.0 - Appendix C – PCA Quality Control Checklist

	ACCOUNT/EMPLOYMENT VERIFICATION
	Verify all employment data within 30 days of submission for AWG.
	Submit request for Employment Verification to be issued.
	Submit request Address Information Request be issued.
	Verify borrower is not a federal employee (civilian/military), merchant seaman, self -employed or independent contractor.
	FSA balance is greater than \$200.
	No negative balance(s) or excessive fee(s).
	Tribal Employees requires special handling, PCA must determine if the tribal will honor the withholding order.
	ENTERING ACCOUNTS IN AWG SUB-SYSTEM
	Verify employer’s legal name/entity (no acronym/initial), payroll office address, point of contact, telephone and fax number are correct on the EmployerInfo UDP screen.
	Ensure account has been properly linked to the employer’s correct FEIN or Pseudo FEIN.
	FINAL REVIEW OF ACCOUNTS PRIOR TO VALIDATION
	Ensure WG19, WG18, and or WG17 letter was successfully delivered to the borrower’s home address.
	Borrower has not filed a timely hearing request.
	Account is not in active bankruptcy.
	REQUIRED TELEPHONE CONTACT WITH EMPLOYERS 30 DAYS AFTER Y11 LETTER HAS BEEN ISSUED
	Call employer and confirm receipt of withholding order with employer.
	Re-verify employment status, to include name and social security number of borrower.
	Verify if borrower has any prior garnishment orders in effect.
	Verify whether the borrower is full-time or part-time.
	Stop wage garnishment action on borrowers who make less than the Federal Minimum Wage requirement of \$7.25 per hour.
	Verify if there is any reason why the employer legally cannot honor the withholding order.
	Clearly document DMCS Historical Events window with all telephone contacts with the employer.
	FOLLOW-UP ACCOUNT MAINTENANCE
	Keep borrower’s home address current.
	Keep borrower’s employment status current.

7.0 - Appendix D – RFH Package Cover Sheet

AWG RFH Package Cover Sheet

Agency Code: _____ Contact No. # _____ - _____ - _____ Date Rec'd: _____ PM Date: _____ THR / UTH (circle one) _____ Current AWG Status Code: _____	Prepared By: _____ Date Package Prepared: _____ Date Returned FSA/ PIC: _____
--	--

Borrower's Name: _____ **SSN:** _____

Type RFH (check one): **In-Person** **Telephone** **Written Record**
 Objection RFH PACKAGE Checklist

Check All Objection(s) Identified Financial Hardship: _____ Balance Dispute: In- Repayment: _____ Repaid SIF/PIF: _____ Incorrect Amount: _____ Bankruptcy: Active Chapter 7/13: _____ Discharged Chapter 7/13: _____ Disability: _____ Death: _____ Legal Exclusion: Employed less than 12 months: _____ Unemployed: _____ Terminated involuntarily from previous employment: _____ Third Party / SSN Dispute: _____ Unpaid Refund Request: _____ Dischargeability Claims: ATB (No GED): _____ ATB (Not Qualified): _____ Closed School: _____ Unauthorized Signature: _____	Check All Enclosed Document(s) _____ Request For Hearing Form or Letter Requesting Hearing Received from borrower and envelope (mandatory) _____ Copy of the promissory notes (mandatory) _____ A dated copy of <u>Notice Requesting Additional Information</u> (and any letters granting extensions)(mandatory) _____ Any Application(s) or Form(s) submitted by the Borrower (mandatory) _____ Financial Disclosure Form (if applicable) _____ Copies of two-2 pay stubs (if applicable) _____ AWG Hardship Calculator (if applicable) _____ Copy of the PCA Notepad (mandatory)
---	--

Dates Mailed Requested for Documentation and/or Notified Borrower to submit: _____

7.0 - Appendix E – AWG IMF Form

Create New FEIN:
Check Here: _____

Administrative Wage Garnishment
Internal Mail Form (IMF) Employer Update

Create New Pseudo –FEIN
Check Here: _____

Date: _____

Agency Name: _____ Agency Code: _____

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

Borrower Name: _____ SSN: _____

Requested Action: (Check One)

Update Existing FEIN / P-FEIN Information: _____

Merge Pseudo FEIN to Correct FEIN: _____

Create New FEIN: _____

Create New Pseudo-FEIN: _____

Fax / Re-Issue (WG15/WG13) Order _____

Supporting Evidence Attached: (Check One):

Employer Notification:

Receipt of Employment Verification (WG20) Notice

Receipt of Form 329 D/E

Statement from Employer on Letterhead

Web Site Verification:

[HTTP://WWW.SOS.STATE.GA.US/MISC/OTHEROSSITES.HTM](http://www.sos.state.ga.us/misc/otherossites.htm)

[HTTP://WWW.DOS.STATE.FL.US/](http://www.dos.state.fl.us/)

[HTTP://WWW.NEXIS.COM](http://www.nexis.com)

[HTTP://WWW.SECURE.ACCURINT.COM](http://www.secure.accurint.com)

Other (complete the following):

Source Name: _____

Corporate / Company's Name: _____

ATTN (Dept & Contact's Name): **Payroll / Garnishment Department**

ADDRESS: _____

CITY/STATE/ZIP: _____

TELEPHONE #: _____

Existing / OLD FEIN/ P-FEIN: _____

New / Receiving FEIN/ P-FEIN: _____

Please assist with the following:

_____ Re-issue the WG13 Order to Employer listed above:

A) Borrower Name / SSN Changed _____

B) Employer Name Changed _____

Comments _____

7.0 - Appendix F – PCA Letters

1-a. Pre-Hearing Repayment Agreement Cover Letter

<PCA Letter Head>

This notice, regarding your account with the U.S. Department of Education, is from <PCA etc. >. The Department has placed your account with us for collection.

You have indicated that you wish to avoid garnishment of X% of your disposable pay by making a voluntary arrangement with the Department to repay your defaulted student loan(s) or grant obligation(s) described in the notice of garnishment recently sent to you. The balance of your obligation as of the date of this letter is noted above. The principal portion of that balance will continue to accrue interest. The Department will apply part of your payments to defray costs incurred to collect this obligation.

Enclosed is a proposed Repayment Agreement with the Department that the Department has asked us to send to you. The current garnishment process will be stopped, if, within 10 business days of the date of this letter, you take two steps:

1. You sign and return that Agreement to the Department at <PCA address>, and
2. You send an installment payment amount shown on the enclosed Agreement, to the following address:
<NPC Address>.

If both actions are not taken within this deadline, the process, including the provision of any hearing you may have requested and a decision on your objection(s), will continue.

Our business hours are: Monday-Thursday 8am-9pm, Friday 8am-5pm and Saturday 8am-12pm (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.

**** Please See The Reverse Side Of This Letter For Important Information****

b. Pre-Hearing Repayment Agreement

Pre-Hearing Repayment Agreement with the U.S. Department of Education

Note: Read this entire agreement before signing. Retain a copy for your records. Return a signed copy to the address shown on the letter that accompanies this Agreement.

I agree with the U.S. Department of Education that I will repay my obligation to the Department in monthly installments of **<MONTH-PAY>**.

My first payment in the amount of: \$**<MONTH-PAY>**, is due **<DUE-DATE>**.

Each monthly payment after that is due by the **<DUE-DATE>** day of each month.

All payments must be forwarded to --

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

I understand that this installment amount of \$**<MONTH-PAY>** applies for the next 6 months. After 6 months, I agree to provide current financial information if the Department requests it. My required installment payment may change based on that information. I agree to pay the installment amount as it may be adjusted by the Department. I agree that failure to provide financial information is a breach 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 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 I owe the amount stated in the decision on my objection(s) to garnishment.

The Department will consider any request for hearing or reconsideration I make in the future, but it will not delay or suspend garnishment while it does so; I can then obtain a hearing on objections on grounds that --

- Garnishment would cause financial hardship to me and my dependents;
- I have not breached this agreement;
- I have not received credit for payments made on the agreement; and
- I am protected by law from garnishment.

I may also apply for discharge relief that may be available with respect to this debt.

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

2-Request for Documentation

XX/XX/XXXX

(FIRST, LAST NAME)
(ADDRESS)
(CITY, STATE , ZIPCODE)

RE: NOTICE OF INTENT TO GARNISH
ACCOUNT NO: XXX-XX-XXXX

Your request for a hearing has been received. This notice is in response to your objection(s) to the Notice of Intent to Garnish that you were just sent by the Department of Education. We have been requested by the Department to obtain the information described here for you in order to expedite your hearing.

This Notice of Intent to Garnish explained that you are responsible for providing evidence to support any objection(s) you make to garnishment, including, for loan obligations, completed application(s) to support any claims that you qualify for loan discharge relief. The Notice also explained that, with some exceptions, the Department would consider only evidence or applications that you submitted with your Request for Hearing. You have provided no evidence or application to support the objection(s) or claim for discharge relief that you raised in your Request for Hearing.

The Department extends until **00/00/00** deadline for submitting evidence or application(s) for loan discharge relief that you wish considered in the hearing. After that date we must forward your Request for Hearing and any material we have received from you by that date to the Department's Administrative Wage Garnishment Hearing Branch. Education will conduct the hearing you requested on your objections, based on that material and the Department's own records regarding your debt. Unless you submit material to support objections or claim for loan discharge relief, the Department advises that it may find that your claim or objection(s) are not substantiated, and that the debt is fully enforceable by garnishment at this time. If you have any evidence or application to support your objection(s) or claim for relief that you want the Department to consider, please forward that material promptly to the following address:

**U. S. DEPARTMENT OF EDUCATION
PO BOX 5609
GREENVILLE, TX 75403-5609
Fax Number: PCA Fax Number**

You may contact the Department's Customer Service Number at **1-800-621-3115** to request the appropriate financial disclosure form or discharge application or go to the Department's website at: <https://www.myeddebt.ed.com>, select Forms, and then download the appropriate application or form to present your objection. You may also complete and return the enclosed form(s) for other objections. If you filed bankruptcy over ten (10) years ago, please provide the case number, date of filing, location filed, and a copy of the Notice of Discharge.

If you move before you receive a response, please provide a change of address and telephone number where we may contact you. If you have further questions, you may contact your Contract Service Representative at 1-800-983-4284.

This is an attempt to collect a debt by a debt collector and any information obtained will be used for that purpose.

******Please See The Next Page Of This Letter For Important Information******

[PCA must determine appropriate legal information based on state and federal law.]

The evidence checked off below is requested:

Financial Hardship Documentation:

- _____ Completed Financial Disclosure Statement
- _____ Your two (2) most recent pay stubs
- _____ Two most recent spousal pay stubs
- _____ Other household member's income

Proof of all listed expenses:

- _____ Rental / mortgage agreement
- _____ Utilities (Copy of bills showing monthly amount due)
- _____ Transportation Expenses (Car payments, public transportation, gas, insurance, etc.)
- _____ Other stated monthly expense: _____
- _____ Proof of childcare expenses (see attached form)
- _____ Last years completed 1040 tax return
- _____ Proof of medical expenses
- _____ Proof of binding voluntary agreements to pay obligations for taxes or family support

Note: If any proof does not show the monthly amount paid, you must state the monthly amount you are paying per month. You should also provide the date you expect the amount to be paid off.

Completed Discharge application for:

- _____ Closed school discharge application
- _____ Unauthorized signature discharge application
- _____ Two (2) copies of original signatures made within one year of the date of the promissory note was signed or three (3) other specimens of original signatures.
- _____ Ability to Benefit discharge application

- _____ Unpaid refund application
- _____ Total and permanent disability application
- _____ Proof of bankruptcy filing and discharge

Note: Any discharge applications and / or financial statements can be downloaded on the following website:
<https://www.myeddebt.ed.gov>

Balance dispute information:

- _____ Evidence to support balance dispute
- _____ Proof of missing credits
- _____ Proof of payment in full
- _____ Proof of repayment agreement
- _____ Documentation supporting reduction of balance

Miscellaneous information:

- _____ Proof of involuntary termination
- _____ Proof of date started at current employer
- _____ Proof of temporary unemployment
- _____ Copy of driver's license
- _____ Copy of social security card
- _____ Copy of birth Certificate
- _____ Other documents: _____

3-Declaration of Caregiver Services

I, _____ Taxpayer ID / SSN: _____ declare under penalty of law that the information I give in this statement is to the best of my knowledge and belief true, correct and complete.”

Caregiver Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Daytime Telephone Number and Area Code: _____

Customers Name: _____ pays \$ _____ dollars per Week / Month (circle appropriate time frame) for the care of the following individual(s):

Name of Child	Age Of Child	Amount Charged Per Week / Month

Warning: 18 U.S.C. 1001 provides that “whoever...knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation...shall be fined up to \$10,000.00 or imprisoned up to five years, or both.”

Complete, sign, and return the requested information and documentation to:

**U. S. DEPARTMENT OF EDUCATION
PO BOX 5609
GREENVILLE, TX 75403-5609**

I declare under penalty of law that the answers and statements contained herein are true and correct.

Signature _____
Caregiver

Date _____

4-a. Post-Hearing Repayment Agreement Cover Letter

<PCA Letterhead>

This notice, regarding your account with the U.S. Department of Education, is from <PCA etc. >. The Department has placed your account with us for collection.

You have indicated that you wish to avoid garnishment of X% of your disposable pay by making a voluntary arrangement with the Department to repay your defaulted student loan(s) or grant obligation(s) described in the notice of garnishment recently sent to you. The balance of your obligation as of the date of this letter is noted above. The principal portion of that balance will continue to accrue interest. The Department will apply part of your payments to defray costs incurred to collect this obligation.

Enclosed is a proposed Repayment Agreement with the Department that the Department has asked us to send to you. The current garnishment process will be stopped, if, within 10 days of the date of this letter, you take two steps: If you sign and return that Agreement to the Department at <PCA address>, and You send to installment payment amount shown on the enclosed Agreement, to the following address:

National Payment Center
P.O. Box 105028
Atlanta, GA 30348-5028

If both actions are not taken within this deadline, the garnishment process will continue.

Our business hours are: Monday-Thursday 8am-9pm, Friday 8am-5pm and Saturday 8am-12pm (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.

**** Please See the Reverse Side of This Letter for Important Information****

b. Post-Hearing Repayment Agreement

Post-Hearing Repayment Agreement with the U.S. Department of Education

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

I agree with the U.S. Department of Education that I will repay my obligation to the Department in monthly installments of <MONTH-PAY>.

My first payment in the amount of: \$<MONTH-PAY>. Is due <DUE-DATE>.

Each monthly payment after that is due by the <DUE-DATE> day of each month.

All payments must be forwarded to --

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

I understand that this installment amount of \$<MONTH-PAY> applies for the next 6 months. After 6 months, I agree to provide current financial information if the Department requests it. My required installment payment may change based on that information. I agree to pay the installment amount as it may be adjusted by the Department. I agree that failure to provide financial information is a breach of this agreement.

I have objected to garnishment, and I have received a decision from the Department on my objections.

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 request a hearing or reconsideration of my objection(s) to garnishment.

I agree that I owe the amount stated in the decision on my objection(s) to garnishment.

The Department will consider any request for hearing or reconsideration I make in the future, but it will not delay or suspend garnishment while it does so;

I can then obtain a hearing on objections on grounds that --

Garnishment would cause financial hardship to me and my dependents;

I have not breached this agreement;

I have not received credit for payments made on the agreement; and/or

I am protected by law from garnishment.

I may also apply for discharge relief that may be available with respect to this debt.

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

5-a. Pre-Garnishment Cover Letter for Compromise 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 of 15% of your disposable pay by making a voluntary arrangement to settle your defaulted student loan or grant obligation described in the Notice of Proposed Wage 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 Compromise Agreement by fax at <PCA fax number> or mail back to the Department at:

< PCA Address >

2. The Department receives payments equaling the full amount stated in the enclosed Compromise 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: <insert hour of business, example: 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.Pre-Garnishment Compromise Agreement

Note: Read this entire agreement before signing and retain a copy for you records. Return a signed copy to the fax number or address shown on the letter that accompanies this Agreement.

I agree with the U.S. Department of Education that I will repay a total of \$*<total amount agreed to that will satisfy the debt>* by *<mm/dd/yy– Insert date by which the final payment must be made>* to satisfy in full my obligation to the Department for the debts listed on the Notice of Proposed Wage Garnishment. The Department agrees to accept that amount, if paid according to the terms of this Agreement, as satisfying my obligation with respect to these debt(s) listed on the Notice of Proposed Garnishment recently sent to me by the Department, and not to start garnishing my wages unless I fail to honor this agreement. No other student aid debts are covered by this agreement.

- I will pay this amount in *<# of payments agreed to>* installment(s) of \$*<amount of each installment>*.
- My first payment of \$*<1st installment amount >* is due on by *<date 1st payment or only payment is due (mm/dd/yy)>*.
- Subsequent payments are due on the *<day of the month>* date of the Month.
- My final payment is due by *<final due date- mm/dd/yy>* .

All payments are due as stated there is no grace period for these payments.

Each payment made under this Agreement must be made with certified funds and if mailed, forwarded to the below address:

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

I have been given an opportunity for a hearing to object to garnishment. Unless that hearing has already been provided, I now withdraw any request for a hearing that I have filed, and I release any claim I may have with respect to the collection of this debt(s).

I agree that I owe the amount stated in the Notice of Proposed Wage Garnishment or, if a decision on my objection (s) to garnishment has been issued, in the decision. The Department will consider any request for hearing or reconsideration I make in the future, but it will not delay or suspend garnishment while it does so;

I agree that if I do not honor this agreement, the Department can start garnishing my pay at the rate of the 15^o/₁₀₀ of my disposable pay 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 only request a hearing or reconsideration of my objection(s) to garnishment on the following grounds:

- Garnishment would cause financial hardship to me and my dependents;
- I have not breached this agreement;
- I have not received credit for payments made on the agreement; and/or
- I am protected by law from garnishment;
- I may also apply for discharge relief that may be available with respect to this debt.

Signature: _____ Date: _____

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

6-a. Post Garnishment Cover Letter for Compromise 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 settle your debt to the Department, described in the Notice of Proposed Wage Garnishment recently sent to you by the Department.

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 Compromise Agreement that the Department has asked us to send to you. If you accept this settlement proposal, please note that the Department will not cancel the garnishment order until it has received the entire amount of the compromise offered in the proposal, however, 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 Compromise Agreement by fax at **<PCA fax number>** or mail back to the Department at:

< PCA Address >

2. The Department receives payments equaling the full amount stated in the enclosed Compromise 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: **<insert hour of business, example: 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. Post Garnishment Compromise Agreement

Note: Read this entire agreement before signing. Retain a copy for your records. Return a signed copy to the fax number or address shown on the letter that accompanies this Agreement.

I agree with the U.S. Department of Education that I will repay a total of \$**<total amount agreed to that will satisfy the debt>** by **<mm/dd/yy– Insert date by which the final payment must be made>** to satisfy in full my obligation to the Department for the debts listed on the Notice of Proposed Wage Garnishment. I understand that the current garnishment of my wages will not be stopped until the settlement amount has been paid, and that all payments received will be credited towards the settlement amount. The Department agrees to accept that amount, if paid according to the terms of this Agreement, as satisfying my obligation with respect to these debt(s) listed on the Notice of Proposed Garnishment recently sent to me by the Department. No other student aid debts are covered by this agreement.

- I will pay this amount in <# of payments agreed to> installment(s) of \$<amount of each installment>.
- My first payment of \$<1st installment amount > is due on by <date 1st payment or only payment is due (mm/dd/yy)>.
- Subsequent payments are due on the <day of the month> date of the Month.
- My final payment is due by <final due date- mm/dd/yy> .

Each payment made under this Agreement must be made with certified funds and if mailed, forwarded to the below address:

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

I have been given an opportunity for a hearing to object to garnishment. Unless that hearing has already been provided, I now withdraw any request for a hearing that I have filed, and I release any claim I may have with respect to the collection of this debt(s).

I agree that I owe the amount stated in the Notice of Proposed Wage Garnishment or, if a decision on my objection (s) to garnishment has been issued, in the decision. The Department will consider any request for hearing or reconsideration I make in the future, but it will not delay or suspend garnishment while it does so.

I agree that if I do not honor this agreement, the Department can start garnishing my pay at the rate of the 15^o of my disposable pay 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 only request a hearing or reconsideration of my objection(s) to garnishment on the following grounds:

- Garnishment would cause financial hardship to me and my dependents;
- I have not breached this agreement;
- I have not received credit for payments made on the agreement; and/or
- I am protected by law from garnishment;
- I may also apply for discharge relief that may be available with respect to this debt.

Signature: _____ Date: _____

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

7.0 - Appendix G – Notice of Proposed AWG (WG19) and Enclosures

Debtor Name

Debtor's Home Address

City, ST Zip Code+4

Re: Debt No.

Debt No.

Debt No.

Balance \$\$\$\$\$\$.cc

Response Deadline: mm/dd/yy

Notice of Proposed Wage Garnishment Due to Debt Owed to U.S. Government

The U.S. Department of Education (ED) intends to order your employer to withhold 15% of your disposable pay to satisfy your defaulted loan or grant obligation(s) listed above. Disposable pay is pay less health insurance premiums and amounts required by law to be withheld (e.g., Social Security, federal and state taxes). The legal basis for this action is Section 31001(o) of the Debt Collection Improvement Act of 1996 (DCIA), Pub. L. 104-134, 110 Stat. 1321-358 (Apr. 26, 1996), Codified at 31 U.S.C. 3720D. The balance stated above includes, for loan debts, the principal loaned and any capitalized interest; for grant debts, the amount of overpayment; for all debts, accrued interest and fees, less any payments, refunds, or offsets received. We apply any payments we recover first to defray our collection costs (currently 25% of the amount of unpaid principal and interest), next to interest; last to principal. This notice explains your right to object to this action; read this entire notice for an explanation of your rights and how to use them.

If you do not timely exercise your rights in the way described below or you do not make a repayment agreement or you later fail to make the payments required by such agreement, ED will order your employer to withhold and send to ED 15% of your disposable pay each pay period until the balance, with accruing interest and collection costs we incur, is paid in full. (Note: the amount actually withheld to pay this debt may be less than 15% of disposable pay, depending on your income and other claims against you.)

You have the following rights regarding this action:

You have the right to inspect and copy ED records relating to your debt. Request ED records through the Customer Service number below. (A request for records will not delay garnishment action unless you have also timely objected to garnishment in the manner specified in this notice.)

You have the right to object to the proposed garnishment and to a hearing on your objection.

- You may object for reasons concerning the existence, amount, and enforceability of the debt.
- You may also object that having amounts equal to 15% of your disposable pay withheld from your disposable pay or making voluntary payments in that amount would cause financial hardship for you and your dependents.

You must make a hearing request in writing, and send it to ED at the address on the enclosed Request for Hearing (RFH) form. If your request is postmarked or received by us within 30 calendar days of the date of this notice, we will not garnish until we have completed the requested hearing. If your request for hearing is postmarked (if mailed) or received (if not mailed) after that date, we will still conduct a hearing but we will not delay this garnishment unless you demonstrate to us that the delay was caused by factors over which you had no control. If we find that the debt is not owed as stated or not enforceable at this time, we will refund payments as needed.

Make your objection by checking the appropriate area on the RFH form. You may request that your hearing be conducted as an oral hearing or written records hearing. Any hearing will include a review of your written statements in the RFH, any records you submit with the RFH, and relevant records ED holds on your debt.

In or with your Request for Hearing you must present all your objections and submit the evidence that supports them. However, you may submit your objections and evidence later if --

- You request an oral hearing, or
- You timely request a written hearing and also request access to your debt records, or
- You request, and we agree to, an extension for submitting objections and evidence.

In our response to your request(s), we will explain the deadline that applies to your situation; that deadline will be at least 7 business days after our response.

Compliance with a repayment agreement will prevent garnishment. To do so, you must make a written agreement with us to repay this debt in monthly installments equal to 15% of your disposable pay per month, and make the first payment by the Response Deadline on page 1. If you believe you cannot afford that amount, **contact Customer Service at**

Collection Agency
(999) 999-9999

Repayment under a satisfactory repayment agreement can restore eligibility for federal aid and restore deferment and other benefits previously available on loans. For information, contact Customer Service.

We will cancel garnishment action if we receive payment in full at:

National Payment Center
P.O. Box 105081
Atlanta, GA 30348-5081

Make all payment instruments payable to the "U.S. Department of Education" and include your name and Social Security Number on the face of the payment instrument.

We will not garnish now if you prove that you have been employed at your current employer for less than 12 months and were involuntarily separated from your most recent previous employment. To object on this ground, check that box on the RFH and provide proof described there.

Your employer may not discharge you from employment nor take disciplinary action against you, as a result of an Order for Withholding nor can a prospective employer refuse to employ you as a result of this proposed action or existence of an Order for Withholding. If an employer takes any of these actions, you may sue that employer in a state or federal court for reinstatement, back pay, attorney's fees, and punitive damages. Our determination on your objections affects only the debt(s) described in this notice of garnishment, and is totally separate from any notice of proposed federal payment offset or garnishment which you may have received from a Guarantee Agency. If you received a notice of collection action from a Guarantee Agency, you must present any objections to collection action to that agency.

Customer Service Number: 1-800-621-3115

Enclosures: **Request for Hearing Form (RFH)**
Financial Disclosure Form

Request for Hearing (RFH) Form

REQUEST FOR HEARING

If you object to garnishment of your wages for the debt described in the notice, you can use this form to request a hearing. Your request must be in writing and mailed or delivered to the address below.

Your Name: _____ SSN: _____

Address: _____

Telephone: _____

Employer: _____

Address: _____

Telephone: _____

Beginning Date of Current Employment: _____

CHECK HERE if you object that garnishment in amounts equal to **15%** of your disposable pay would cause financial hardship to you and your dependents. (To arrange voluntary repayment, contact customer service at the number below.)

You must complete either the enclosed **FINANCIAL DISCLOSURE FORM** or a Financial Disclosure Form of your choosing to present your hardship claim. You must enclose copies of earnings and income records, and proof of expenses, as explained on the form. If your request for an oral hearing granted, you will be notified of the date, time, and location of your hearing. If your request for an oral hearing is denied, ED will make its determination of the amounts you should pay based on a review of your written materials.

1) NOTE: You should also state below any other objections you have to garnishment to collect this debt at this time.

2) NOTE: IT IS IN YOUR INTEREST TO REQUEST COPIES OF ALL DOCUMENTATION HELD BY ED BY CALLING THE CUSTOMER SERVICE NUMBER LISTED ON THE ENCLOSED NOTICE PRIOR TO COMPLETING A REQUEST FOR HEARING.

I. HEARING REQUEST (Check ONLY ONE of the following)

I want a written records hearing of my objection(s) based on ED's review of this written statement, the documents I have enclosed, and the records in my debt file at ED.

I want an in-person hearing at the ED hearing office to present my objection(s). I understand that I must pay my own expenses to appear for this hearing.

I want this In-Person hearing held in: _____ Atlanta, GA, _____ Chicago, IL, _____ San Francisco, CA. (Check the location you wish for the hearing.)

I want a hearing by telephone to present my objections. You must provide a daytime telephone number at which you can be contacted between the hours of 8:00 am to 4:00 pm, Monday through Friday. I can be reached at : (____) _____-____.

II IF YOU WANT AN IN-PERSON OR TELEPHONE HEARING, YOU MUST COMPLETE THE FOLLOWING:

The debt records and documents I submitted to support my statement in Part III do not show all the material (important) facts about my objection to collection of this debt. I need a hearing to explain the following important facts about this debt: (**EXPLAIN** the additional facts that you believe make a hearing necessary on a separate sheet of paper. If you have already fully described these facts in your response in Part III, **WRITE HERE** the number of the objection in which you described these facts__.)

Note: If you do not request an in-person or telephone hearing, we will review your objection based on information and documents you supply with this form and on records in your loan file. We provide an oral hearing to a debtor who requests an oral hearing and shows in the request for the hearing good reason to believe that we cannot resolve the issues in dispute by review of the documentary evidence, for example, when the validity of the claim turns on the issue of credibility or veracity.

III. Check the objections that apply. EXPLAIN any further facts concerning your objection on a separate sheet of paper. ENCLOSE the documents described here (if you do not enclose documents, ED will consider your objection(s) based on the information on this form and records held by ED).

For some objections you must submit a completed application. Obtain applications by contacting Customer Service at number below, or go to ED's website at:

<http://www.ed.gov/offices/OSFAP/DCS>, **select Forms, then select the application described for that objection.**

1. () I do not owe the full amount shown because I repaid some or all of this debt. (ENCLOSE: copies of the front and back of all checks, money orders and any receipts showing payments made to the holder of the debt.)
2. () I am making payments on this debt as required under the repayment agreement I reached with the holder of the debt. (ENCLOSE: copies of the repayment agreement and copies of the front and back of checks where you paid on the agreement.)
3. () I filed for bankruptcy and my case is still open. (ENCLOSE: copies of any documents from the court that shows the date that you filed the name of the court, and your case number.)
4. () This debt was discharged in bankruptcy. (ENCLOSE: copies of debt discharge order and the schedule of debts filed with the court.)
5. () The borrower has died. (ENCLOSE: CERTIFIED Copy of Death Certificate.) For Loans only.
6. () I am totally and permanently disabled - unable to work and earn money because of an impairment that is expected to continue indefinitely or result in death. Obtain and submit completed Total and Permanent Disability Cancellation Request; must be completed by physician. For loans only.
7. () I used this loan to enroll in _____ (school) on or about __/__/__, and I withdrew from school on or about __/__/__. I paid the school \$ _____ and I believe that I am owed, but have not been paid, a refund from the school of \$ _____. Obtain and submit completed Loan Discharge Application: Unpaid Refund (Enclose any records you have showing your withdrawal date). For loans only.
8. () I used this loan to enroll in _____ (school) on or about __/__/__, and I was unable to complete my education because the school closed. Obtain and submit completed Loan Discharge Application: Closed School. (ENCLOSE: any records you have showing your withdrawal date.) For loans only.

9. () This is not my Social Security Number, and I do not owe this debt. (ENCLOSE: a copy of your driver's license or other identification issued by a federal, state or local government agency, and a copy of your Social Security Card.)
10. () I believe that this debt is not an enforceable debt in the amount stated for the reason explained in the attached letter. (Attach a letter explaining any reason other than those listed above for your objection to collection of this debt amount by garnishment of your salary. ENCLOSE any supporting records.)
11. () I did not have a high school diploma or GED when I enrolled at the school I attended with this guaranteed student loan. The school did not properly test my ability to benefit from the training offered. Obtain and submit completed Loan Discharge Application: False Certification of Ability to Benefit. Enclose any records you have showing your withdrawal date For loans only.
12. () When I borrowed this guaranteed student loan to attend _____ (school), I had a condition (physical, mental, age, criminal record) that prevented me from meeting state requirements for performing the occupation for which it trained me. Obtain and submit completed Loan Discharge Application: False Certification (Disqualifying Status). For loans only.
13. () I was involuntarily terminated from my last employment and I have been employed in my current job for less than twelve months. (Attach statement from employer showing date of hire in current job and statement from prior employer showing involuntary termination.)
14. () I believe that _____ (School) without my permission signed my name on the loan application, promissory note, loan check or electronic funds transfer (EFT) authorization. Obtain and submit completed Loan Discharge Application: Unauthorized Signature / Unauthorized Payment. (Enclose any records you have showing your withdrawal date). For loans only.

IV I state under penalty of law that the statements made on this request are true and accurate to the best of my knowledge.

DATE: _____ SIGNATURE: _____

SEND THIS REQUEST FOR HEARING FORM TO:
U. S. DEPARTMENT OF EDUCATION
PO BOX 5609
GREENVILLE, TX 75403-5609

If you wish to arrange a voluntary agreement for payments in amounts equal to 15% of your disposable pay, do not use this form. Instead, call the Customer Service Number Below.

Customer Service: Collection Agency
(999) 999-9999

Violation of any such agreement may result in an immediate order to your employer for garnishment of 15% of your disposable pay.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

U.S. Department of Education Financial Disclosure Statement

To evaluate a hardship claim, ED compares the expenses you claim and support against averages spent for those expenses by families of the same size and income as yours. ED considers proven expenses as reasonable up to the amount of these averages. If you claim more for an expense than the average spent by families like yours, you must provide persuasive explanation why the amount you claim is necessary. These average amounts were determined by the IRS from different government studies. You can find the average expense amount that the Department uses at this website: <http://www.ed.gov/offices/OSFAP/DCS>, then select "Administrative Wage Garnishment," and then select "COLLECTION FINANCIAL STANDARDS."

Provide complete information about your family income, expenses, and assets.

- **Complete all items.** Do not leave any item blank. If the answer is zero, write zero.
- **Provide documentation of expenses.** Expenses may not be considered if you do not provide documents supporting the amounts claimed. **You must submit proof of Childcare/Other Caregiver expenses, in order to receive full credit for claimed caregiver cost. To obtain the form, contact Customer Service at: 1-800-621-3115 or go to ED website at: <http://www.ed.gov/offices/OSFAP/DCS>, then select "forms," then Declaration of Caregiver Services.**
- **Provide documentation of all sources of income.** You must submit two (2) most recent pay stubs for yourself, spouse, and all sources of income in your household. You may submit last year's W-2's and 1040 Income Tax Filing as proof of household income. Failure to provide this information may result in a denial of your claim of financial hardship.

Income

Name: _____ Social Security No.: _____

Address: _____

Phone: _____

County: _____

Current Employer: _____ Date Employed: _____

Employer Phone: _____ Present Position: _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

*****ENCLOSE A COPY OF YOUR TWO MOST RECENT PAY STUBS *****

*****ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING*****

Number of dependents: _____ (including yourself) Marital status: Married Single Divorced

Spouse's name: _____ Spouse's SSN: _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

*****ENCLOSE A COPY OF THE TWO MOST RECENT PAY STUBS *****

*****ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING*****

Other contributing residents: _____ **SSN:** _____

Gross Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

Net Income: \$ _____ Weekly Bi-Weekly Monthly Other _____

*****ENCLOSE A COPY OF THE TWO MOST RECENT PAY STUBS *****

*****ENCLOSE LAST YEAR'S W-2s AND 1040, 1040A, 1040EZ or other IRS FILING*****

Other Income

Child support: \$ _____ Weekly Bi-Weekly Monthly Other

Alimony: \$ _____ Weekly Bi-Weekly Monthly Other

Interest: \$ _____ Weekly Bi-Weekly Monthly Other

Public assistance: \$ _____ Weekly Bi-Weekly Monthly Other

Other: \$ _____ Describe: _____

Please State and Explain Amounts Deducted from your pay on pay-stubs:

Life Insurance \$ _____

Medical & Dental Insurance: \$ _____

401k: \$ _____

Retirement \$ _____

Child Support: \$ _____

Garnishment: \$ _____

Other: \$ _____

Monthly Expenses

Shelter (SEND COPY OF MORTGAGE OR LEASE, INSURANCE, MAINTENANCE PAYMENTS)

Rent/Mortgage: \$ _____ Paid to whom: _____

2nd home mortgage: \$ _____ Paid to whom: _____

Home insurance: \$ _____ Paid to whom: _____

Maintenance: \$ _____ Paid to whom: _____

Other: \$ _____ Describe: _____

Household expenses

Food Expenses: \$ _____ (Monthly)

Housekeeping Supplies: \$ _____ (Monthly)

Clothing & Cleaning: \$ _____ (Monthly)

Personal Care Services and Expenses: \$ _____ (Monthly)

Utilities (SEND COPIES OF BILLS)

Electric: \$ _____ Gas: \$ _____

Water/Sewer \$ _____ Garbage pickup: \$ _____

Basic telephone: \$ _____ Other: \$ _____

Describe: _____

Medical (SEND COPIES OF BILLS)

Insurance Premiums \$ _____ /per month (Only list payments *not* deducted from paycheck)

Bill payments \$ _____ /per month (Only list payments not covered by insurance)

Other: \$ _____/per month Describe: _____

Transportation (SEND COPIES OF CAR PAYMENT AGREEMENT OR BILLS)

Number of cars _____

1st Car payment: \$ _____/per month 2ndCar payment: \$ _____ /per month
Gas and oil: \$ _____/per month Public transportation:\$ _____/per month
Car insurance: \$ _____/per month Parking: \$ _____/per month
Other: \$ _____ Describe: _____

Child Care (SEND COPIES OF BILLS, COURT ORDERS, CONTRACTS, DECLARATION OF CAREGIVER SERVICES)

Child care: \$ _____/per month Number of children: _____
Child support: \$ _____/per month Number of children: _____
Other: \$ _____/per month Describe: _____

Other Expenses (Attach a list describing expense, monthly payment and enclose bills)

Other Insurance: \$ _____ /per month
Describe: _____

Based on this Statement, I think I can afford to pay \$ _____ per month

I declare under penalty of law that the answers and statements contained herein are, to the best of my knowledge and belief, true, correct, and complete.

Signature: _____ Date _____

Warning: 18 U.S.C. 1001 provides that "whoever...knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation...shall be fined up to \$10,000.00 or imprisoned up to five years, or both."

Complete, sign, and return the requested information to:

U. S. DEPARTMENT OF EDUCATION
PO BOX 5609
GREENVILLE, TX 75403-5609

This request is authorized under 31 U.S.C. 3711, 20 U.S.C. 1078-6, and 20 U.S.C. 1095a. You are not required to provide this information. If you do not, we cannot determine your financial ability to repay your student aid debt. The information you provide will be used to evaluate your ability to pay. It may be disclosed to government agencies and their contractors, to employees, lenders, and others to enforce this debt; to third parties in audit, research, or dispute about the management of this debt; and to parties with a right to this information under the Freedom of Information Act or other federal law, or with your consent. These uses are explained in the Federal Register of June 4, 1999, Vol. 64, p. 30166, revised Dec. 27, 1999, Vol. 64, p. 72407. We will send a copy at your request.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

7.0 - Appendix H – Garnishment Order (WG15) and Enclosures



|||||
1000000000 *****AAAAA
EMPLOYER NAME
EMPLOYER CONTACT
ADDRESS 1-3
CITY ST ZIP CODE
COUNTRY (do not print if USA)

Month DD, CCYY

ACCOUNT #: 999999999

LETTER TO EMPLOYER & IMPORTANT NOTICE TO EMPLOYER

Dear Employer,

One of your employees has been identified as owing a delinquent nontax debt to the United States. The Debt Collection Improvement Act of 1996 (DCIA) permits Federal agencies to garnish the pay of individuals who owe such debt without first obtaining a court order. Enclosed is a Wage Garnishment Order directing you to withhold a portion of the employee's pay each pay period and to forward those amounts to us. We have previously notified the employee that this action was going to take place and have provided the employee with the opportunity to dispute the debt.

As both a businessperson and a taxpayer you can understand and appreciate the importance of ensuring that duly owed debts do not go unpaid. Your cooperation in complying with the enclosed **Wage Garnishment Order** will assist in our efforts to collect the billions of dollars in delinquent nontax debt owed to the United States. A Wage Garnishment Worksheet is enclosed to assist you in determining the proper amount to withhold.

Please read the enclosed documents carefully. They contain important information concerning your responsibilities to comply with this Order. If you have any questions, please call the contact name listed on the Order.

Thank you for your cooperation.

*See reverse for **Important Notice to Employer**.*

Enclosures: **Wage Garnishment Order (SF-329B)**
Wage Garnishment Worksheet (SF-329C)
Employer Certification (ED-329D)

STANDARD FORM 329A (11-98)
Prescribed by 31 CFR 285.11

IMPORTANT NOTICE TO EMPLOYER

FEDERAL LAW (31 U.S.C. 3720D, 31 C.F.R. 285.11) PROVIDES:

1. **Federal law supersedes State law.** Federal law applies to wage garnishment pursuant to the Wage_Garnishment Order notwithstanding State law.
2. **Disposable pay.** For purposes of the Wage Garnishment Order, "disposable pay" means the employee's compensation (including, but not limited to, salary, overtime, bonuses, commissions, sick leave and vacation pay) from an employer after the deduction of health insurance premiums and any amounts required by law to be withheld. Proper deductions include Federal, State, and local taxes, State unemployment and disability taxes, social security taxes, and involuntary pension contributions, but do not include voluntary pension or retirement plan contributions, union dues, or amounts withheld pursuant to a court order, and the like. A Wage Garnishment Worksheet is included with the Wage Garnishment Order to assist the employer in calculating disposable pay and the wage garnishment amount.
3. **Multiple Withholding Orders.** If in addition to the Wage Garnishment Order you, as employer, are served with other withholding orders pertaining to the same employee, then you may withhold sufficient amounts to satisfy the multiple withholding orders simultaneously, up to the maximum amount of 25%. The Wage Garnishment Order should be paid before garnishment or withholding orders that you receive after you receive this one, EXCEPT that family support orders always should be paid first. Upon termination of the family support or prior withholding order(s), the amount withheld for the Wage Garnishment Order shall be increased to the amount stated in Section 2 of the Wage Garnishment Order.
4. **Pay cycles.** An employer is not required to vary its normal pay and disbursement cycles to comply with the Wage Garnishment Order.
5. **Failure to comply.** AN EMPLOYER WHO FAILS TO COMPLY WITH THE WAGE_GARNISHMENT ORDER SHALL BE LIABLE FOR ANY AMOUNTS THAT THE EMPLOYER FAILS TO WITHHOLD UNDER THE WAGE GARNISHMENT ORDER, PLUS ATTORNEY'S FEES AND COSTS INCURRED BY THE CREDITOR AGENCY TO ENFORCE THE WAGE GARNISHMENT ORDER. IN ADDITION, THE EMPLOYER WHO FAILS TO COMPLY WITH THE WAGE GARNISHMENT ORDER MAY BE LIABLE FOR PUNITIVE DAMAGES AS DETERMINED BY A COURT OF COMPETENT JURISDICTION.
6. **No retaliation.** AN INDIVIDUAL MAY SUE ANY EMPLOYER WHO DISCHARGES FROM EMPLOYMENT, REFUSES TO EMPLOY, OR TAKES DISCIPLINARY ACTION AGAINST AN INDIVIDUAL SUBJECT TO A WAGE GARNISHMENT ORDER BY REASON OF THE FACT THAT THE INDIVIDUAL'S WAGES HAVE BEEN SUBJECT TO GARNISHMENT UNDER 31 U.S.C. 3720D. A COURT OF COMPETENT JURISDICTION SHALL AWARD ATTORNEY'S FEES TO A PREVAILING EMPLOYEE, AND, IN ITS DISCRETION, MAY ORDER REINSTATEMENT OF THE INDIVIDUAL, AWARD PUNITIVE DAMAGES AND BACK PAY TO THE EMPLOYEE, OR ORDER SUCH OTHER REMEDY AS MAY BE REASONABLY NECESSARY.

STANDARD FORM 329A (11-98) BACK

UNIT

ED STATES GOVERNMENT
WAGE GARNISHMENT ORDER (SF-329B)



1. Date of this Order: XXXXXXXXXXXX	2. Date Mailed to Employer: XXXXXXXXXXXX	3. Creditor Agency Tracing No. (refer to this number in all correspondence): XXXXXXXXXXXX
--	---	--

RE:

4. Employee Name: XXXXXXXXXXXX X XXXXXXXXXXXXXXXXXX	5. Employee Social Security No.: 999-99-9999
--	---

TO:

6. Employer: XXXXXXXXXXXX	7. Employer Mailing Address (include street address, P.O. Box, suite no., city, state, zip code): XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX
------------------------------	---

FROM:

8. Creditor Agency: PCA contact information will display here	9. Creditor Agency Mailing Address (include street address, city, state, zip code): US DEPARTMENT OF EDUCATION NATIONAL PAYMENT CENTER PO BOX 105081 ATLANTA GA 30348-5081
10. Contact Name: PCA contact information will display here	11. Telephone No.: PCA contact information will display here
12. Internet e-mail address:	13. Fax No.:

14. Amount Due: \$ 999,999,999.99	15. As of (Month/Day/Year): MM/DD/CCYY
--------------------------------------	---

Note : The amount due may be increased as a result of additional interest, penalties, and other costs being assessed by the Creditor Agency.

Section 1. ORDER. YOU, the Employer, are hereby ORDERED to deduct from all disposable pay paid by you to the Employee the Wage Garnishment Amount described in Section 2 of this Order. You are ordered to begin deductions on the first pay day after you receive this Order. If the first pay day is within 10 days after you receive this Order, you may begin deductions on the second pay day after you receive this Order. You are ordered to continue deductions until you receive notification from the Creditor Agency to suspend or discontinue deductions. YOU are further ORDERED to pay the Creditor Agency all Wage Garnishment Amounts deducted by you under

this order within three (3) business days of the withholding. Employers are encouraged to make payments electronically, if possible, as follows:

16. ABA Routing No.: N/A	Account No.: N/A	18. Agency Location Code (ALC) No.: N/A
19. Account Title: N/A	Other information required (i.e., tracking no., debtor name, etc.): N/A	

Otherwise, mail checks (postmarked with 3 business days of the withholding) to:

21. Mailing address for check payments: US DEPARTMENT OF EDUCATION NATIONAL PAYMENT CENTER PO BOX 105081 ATLANTA GA 30348-5081
--

Section 2. WAGE GARNISHMENT AMOUNT.

(a) The Wage Garnishment Amount is \$ _____ per pay period in accordance with an agreement between the Creditor Agency and the Employee.

-OR-

(b) The Wage Garnishment Amount for each pay period is the lesser of:

- (1) 15 % of the Employee's disposable pay (*not to exceed 15%*);
- (2) the garnishment amount set forth in 15 U.S.C. 1673(a)(2) (the amount by which the employee's disposable pay exceeds an amount equivalent to 30 times the minimum wage); or
- (3) 25% of the Employee's disposable pay less the amounts withheld under the withholding

A withholding order with priority is a valid, legally enforceable withholding order that either (1) was received by the Employer prior to this Order, or (2) is an order for family support regardless of date received. Upon termination of any withholding order with priority or upon receipt of an order for family support subsequent to the receipt of this Order, the amount withheld for this order shall be recalculated based on the formula described in this Section 2(b).

Note: The Employer may use the attached Wage Garnishment Worksheet to calculate the Wage Garnishment Amount.

CREDITOR AGENCY CERTIFICATION. The CREDITOR AGENCY hereby certifies that this Order is issued in accordance with the requirements of 31 U.S.C. 3720D and 31 C.F.R. 285.11 and is mailed to the Employer on the date shown above.

CREDITOR AGENCY SIGNATURE _____

Print Name: Mark LaVia

STANDARD FORM 329B (11-98) BACK

WAGE GARNISHMENT WORKSHEET (SF-329C)

Notice to Employers: The Employer may use a copy of this Worksheet each pay period to calculate the Wage Garnishment Amount to be deducted from a debtor's disposable pay. Disposable pay includes, but is not limited to, salary, overtime, bonuses, commissions, sick leave and vacation pay. **If section 2(a) of the Wage Garnishment Order specifies the dollar amount to be garnished, the employer does not need to complete this Worksheet.**



Debtor Name XXXXXXXX X XXXXXXXX

Social Security Number 999-99-9999

Pay Period Frequency (Select One):

- Weekly or less
 Every other week
 Two times per month
 Monthly
 Other (Specify: _____)

DISPOSABLE PAY COMPUTATION

1.	Gross Amount paid to Employee		
2.	Amounts Withheld:		
	a. Federal income tax		
	b. F.I.C.A. (social security)		
	c. Medicare		
	d. State tax (including income tax, unemployment, disability)		
	e. City/Local tax		
	f. Health insurance premiums		
	g. Involuntary retirement or pension plan payments		
	Total allowable deductions [Add lines a - g]		
	DISPOSABLE PAY [Subtract line 3 from line 1]		

WAGE GARNISHMENT AMOUNT COMPUTATION

If the Employee's wage are not subject to any withholding orders with priority, skip to line 8.

5.	25% of Disposable Pay [Multiply line 4 by .25]	
----	--	--

6.	Total Amounts Withheld Under Other Wage Withholding Orders with Priority. See section 2(b) of the Order.	
7.	Subtract line 6 from line 5 [If line 6 is more than line 5, enter zero]	
8.	Multiply the percentage from section 2(b)(1) of the Order by line 4. (The percentage from section 2(b)(1) of the Order may not exceed 15%). <u>Example</u> : If the percentage from section 2(b)(1) of the Order is 15%, multiply .15 by line 4.	
9.	Amount equivalent to 30 times the Federal Minimum wage (\$7.25) If the employee is paid Line 9 is If the employee is paid Line 9 is Weekly or less 217.50 2x per month 471.25 Every other week 435.00 Monthly 942.50	
10.	Subtract line 9 from line 4 [if line 9 is more than line 4, enter zero]	
11.	WAGE GARNISHMENT AMOUNT Line 7, 8, or 10, whichever amount is the smallest	

STANDARD FORM 329C (11-98)

EMPLOYER CERTIFICATION (ED-329D)



NOTICE TO EMPLOYERS: THE EMPLOYER MUST COMPLETE AND RETURN THIS CERTIFICATION TO THE CREDITOR AGENCY WITHIN 20 DAYS OF RECEIPT.

To be completed by Creditor Agency:

Date of this Order: XXXXXXXXXXXX	Date Mailed to Employer: XXXXXXXXXXXX	Creditor Agency Tracking No.: XXXXXXXXXXXX
-------------------------------------	--	---

Creditor Agency: PCA contact information will display here	Creditor Agency Mailing Address (include street address, city, state, zip code): US DEPARTMENT OF EDUCATION NATIONAL PAYMENT CENTER PO BOX 105081 ATLANTA GA 30348-5081
---	---

Employee Name: XXXXXXXXXXXX X XXXXXXXXXXXXXXXXXX	Employee Social Security No.: 999-99-9999
---	--

The remainder of the Employer Certification is to be completed by Employer:

Employer Name:	Employer Taxpayer Identifying Number:
Employer Address (for future correspondence on this matter):	Employer Contact Name:

Employer Telephone No.:	Employer Fax No.:	Employer E-mail Address:

Note: The Employer Taxpayer Identifying Number, required by 31 U.S.C. § 7701(c), will be used to collect and report any delinquent amounts owed by the Employer under this Order.

1. The Employer received the Wage Garnishment Order concerning the above named employee on _____.
2. *Check one of the following:*
 - a. The above named Employee is currently employed with this Employer, or
 - b. The above named Employee is no longer employed by this Employer.

Please provide the following information for employees no longer employed:

Employment Termination Date:	Employee's current employer (if known):
Employee's last known address and telephone no. (if known):	

Note: If the Employee is no longer employed with this Employer, the Employer does not need to complete the rest of this Certification. Sign and date this Certification on page 2 and return to the Creditor Agency.

Please provide the following information for the **current pay period only**. Or, you may attach a copy of a completed Wage Garnishment Worksheet to this Certification:

Gross amount paid to Employee (indicate whether hourly, weekly, annually, etc.): \$	Wage Garnishment Amount: \$
Pay Interval (Select One): <input type="checkbox"/> Weekly or less <input type="checkbox"/> Every other week <input type="checkbox"/> Two times per month <input type="checkbox"/> Monthly <input type="checkbox"/> Other(Specify _____)	

4. If the Employee's wages are subject to withholding orders with priority, please complete the following: A withholding order with priority is one received by the Employer prior to this Order or an order for family support received at any time. Upon termination of the family support or prior withholding order, the amount withheld for this Order shall be increased.

List All Withholding Orders With Priority	Date Served On Employer	Approx. Date Withholding Expected To End (if known)

The person signing below hereby certifies that he or she is a duly authorized representative of the Employer, and that the above information is accurate to the best of his or her knowledge and belief.

SIGNATURE OF EMPLOYER REPRESENTATIVE

DATE

Print Name: _____
Title: _____
Telephone No.: _____

7.0 - Appendix I – Non-Compliance Employer Materials

NCE Referral Cover Sheet

EMPLOYER NAME:		
EMPLOYER STREET ADDRESS		
CITY	STATE	ZIP CODE
BORROWER’S NAME:		
BORROWER NUMBER:	ACCOUNT LOCATION CODE: AG	

Contractor Requirement(s):

Step 1: Review the Historical Events and Letter history to ensure the following:

- Review the Historical Events screen to ensure the borrower has no outstanding dispute / issues regarding the past due status, amount, validity or enforceability of the debt(s).
- Review the Letter History screen for any new Welcome Letter - Initial Contact To Pay Debt (OP01) Notice(s) being issued, which would indicate that all debt(s) have **not** been certified to the employer for garnishment.

Step 2: Verify with the employer and clearly document the following information on the Historical Events Screen:

- The date you verified this information.
- Borrower is currently employed.
- The name and position of the person contacted in the employer payroll or personnel office that verified the receipt of the Withholding Order(s) and that you clarified the regulations and consequences of non-compliance.
- The Employer Name and FEIN/ P-FEIN
- The employer is not located on or own / operated by an Indian Reservation requiring the Tribal Court to be served. Furthermore, the contractor must confirm that the Tribal Court will not honor ED’s Withholding Order.
- Re-verify the employer legal mailing address and the name of the register agent. Contractor may use the following website to obtain the registered agent name and legal mailing address:
<http://www.sos.state.ga.us/misc/othersossites.htm>
- Document the reason for the employer’s refusal to comply with the Withholding Order.
- Update the dates of all communication with the employer.

I certify that all the above requirements have been met, and the information clearly and properly updated to the Historical Events Screen.

Name: _____ Date: _____

NCE Referral Checklist (Part A)

EMPLOYER NAME:			
EMPLOYER STREET ADDRESS			
CITY	STATE	ZIP CODE	
NAME OF RESPONSIBLE OFFICIAL AT THE COMPANY/CORPORATION:			
BORROWER'S NAME:			
BORROWER NUMBER:		ACCOUNT LOCATION CODE: AG	
REQUIRED ACTIONS			YES
			NO
Were all telephone contact(s) made with the employer documented on the Historical Events window?			
Did the employer confirm receipt the withholding order?			
Did the employer verify their name, address, telephone numbers and point of contact?			
Did the employer verify that the borrower was not employed and working on an Indian reservation and the withholding order was addressed to the Tribal Court for servicing and that the Tribal Court will honor ED's withholding order?			
Did the employer verify that the borrower did not have another garnishment order(s) in excess of 25% of the borrower's disposal pay?			
Are there any new debt(s) (OP01 Letter(s)) since the issuance of the withholding order?			
Were there any recent employer payment(s) received on the account within the last 60 days and the current balance is greater than \$3,500.00?			

NCE Referral (PART B)

AGENCY _____

Debtor: _____ Borrower Number: _____

Account Balance: _____

Employer Name: _____

Company FEIN/P-FEIN: _____

Registered Agent / Sr. Officer: _____

Legal Mailing Address: _____

City, St. Zip Code: _____

Company Telephone: _____ Fax No# _____

Last Person Contacted: _____

Date Of Contact: _____

Withholding Order Received: Circle: Yes / No

Reason Given For Non-Compliance: _____

Submitted By: _____

Date: _____

Telephone Number _____

7.0 – Appendix J – AWG Tags and Legacy Status Codes

The following AWG tags will indicate the status of AWG from initiating to garnishment. Also, they will indicate if there is a hearing request; the outcome; and if there is a suspension. Tags cannot be applied manually; they are the result of an AR Event.

Tag	Legacy Status Code	Outcome
bAWGStat	WG1	AWG Workflow Status - Accounts are placed here to generate the First Notice to the borrower advising him/her of ED's intent to garnish wages, and their appeal rights.
bAWGPnAd	SWG	Postponing pending a good address
bAWGInit	AWG	Initial Prehearing Status - Upon approval by an ED Official, the Notice of Proposed Wage Garnishment (WG19) is sent to the borrower
bAWGFVal	HR1/HR3/FOR	Ready for FSA validation
bAWGRej	SWG	Request rejected by FSA in validation
bAWGGm	OW1/FOR	Borrower is approved for garnishment
bAWGNtc1	OW1	Notice 1 sent to Employer
bAWGNtc2	OW2/OWR	Notice 2 sent to Employer
bAWGENC	NCE/NCL	Employer Non-Compliant
bAHrStat	HSF	AWG Hearing Status
bAWGIRvw		Internal Review for Hearing
bAWGIRes		Internal Research for Hearing
bAWGFRvw		FSA Review
bAWGIRev		Internal Revision
bAWGFSpv		FSA Supervisor Review
bAWGFDif		FSA Difficult Work Queue
bAWGHrCp	FOR	Hearing Complete
bAWGCond	OW1/OW2/OWF/NCE/NCL	AWG Active Status

bAWGActv	GAR	AWG or AWG In-process is currently active
bAWGSusp	LPT	AWG or AWG In-process is currently suspended
bAWGStop	SWG	There is a request to immediately Stop AWG
bAWGHrRq	HSF/THR/	AWG Hearing Request Status
bAWGOnTm	THR	Hearing request received on time
bAWGLate	UTH	Hearing request received untimely
bAWGNoRs		Hearing request never responded to
bAWGDec	OW1/FOR	AWG Position Decision
bAWGFH	SWG	Full Hardship
bAWGPH	HR3/FOR	Partial Hardship – Partial hardship; borrower can afford to repay a reduced amount; FSA will reduce garnishment
bAWGFF	SWG	Favorable Finding
bAWGGUF	OW1	Unfavorable Finding
bAWGSpRs		AWG Suspension Reason
bAWGLex	LEX	Legal Exclusion - Accounts that are not subject to garnishment due to a legal exclusion: involuntary separated from previous employment and employed less than 12 months in current position.
bAWGNLE	NLE	No Longer Employed – Borrower is no longer employed.
bAWGVPA	VPY	Voluntary Payment Agreement – Voluntary repayment arrangement with ED/its' representative to pay 15% of their disposable pay voluntarily. If the borrower fails to honor the agreement, 61 days later a garnishment order is automatically sent to employer.
bAWGTmHr	THR	Timely Hearing Request Received – Timely request with objection(s) other than Financial Hardship
bAWGVVR	SWG	Validation Reject

bAWGDCIm		Discharge Claim being reviewed
bAWGCRsn		AWG Certification Reason
bAWGNwRq	THR/HSF	New request
bAWGPHRC	HR3/FOR/OWR	Partial Hardship Recertification - Partial hardship; borrower can afford to repay a reduced amount; FSA will reduce garnishment; Final Order of Withholding sent to employer.
bAWGFHRC	SWG	Full Hardship Recertification
bAWGNwHC	HSF	New Hardship Claim - Timely request for hearing, claiming financial hardship only
bAWGIP	AWG	Borrower is in process of getting put on AWG
bAWG	GAR	Borrower is officially an AWG participant
bAWGHold	LPT	Borrower's active AWG participation on hold
bAWGH	HSF	Indicates that the AWGH document has been received
iQCList		Internal QC Indicator
iQLAWG		Indicates that an internal AWG work item can be placed into the Internal Quality Control Queue
eQCList		External QC Indicators
eQLAWG		Indicates that an External (FSA) AWG work item can be placed into the External Quality Control Queue
dAWGIP	AWG	Debt is in process of getting put on AWG
bAWG	GAR	Debt is officially on AWG

7.0 – Appendix K – AWG Hearings Records and Standards

- **The record of the hearing:** ED creates a record of the proceeding, whether that hearing is an oral or paper hearing. The record includes all key documents and records of the hearing: e.g.,
 - the debtor's request for hearing,
 - any and all material (whether evidence or argument) submitted at any time during the course of the hearing by either the debtor or ED,
 - a summary of any (live) testimony presented by the debtor and his or her witnesses;
 - notes of any events that may have affected the course of the hearing:
 - if the debtor requested access to records, whether and when ED gave access (or sent copies) to the debtor;
 - if an oral hearing was requested, ED's decision on that request;
 - if ED was unable to contact the debtor to conduct a telephone hearing, the date or dates of the attempt, the number used to make the attempt;
 - requests for extensions of time by the debtor, and ED's response to those requests;
 - If ED secured added evidence to respond to evidence or argument from the debtor, when and how ED provided that new evidence to the debtor, how ED offered the debtor an opportunity to respond to that new evidence, and whether and how the debtor responded.
 -
- **Retention of the hearing record:** ED must retain the contents of the record in the debt file for that debt. These records are official ED records and ED may not legally discard those records except as permitted by published ED record retention schedules that pertain to that particular category of records.
- **ED's burden of proof:** ED has the burden of proof that the debt exists and is in delinquent status at the present time. ED must prove these contentions by a "preponderance of the evidence" - a phrase that simply means enough evidence that a reasonable person would consider it more likely than not that the fact exists or occurred as the proponent claims.
- **Meeting ED's burden of proof:** Whether or not the debtor requests copies of records, ED must obtain and make part of the hearing record --
 - if the debtor objects in any way to the amount or enforceability of the debt, a copy of the debt instrument (typically, the promissory note, for a loan obligation)
 - in all cases, copies of pertinent ED records showing that --
 - the debt is owed to ED and is unpaid, and
 - The debt is past-due – that the debtor is not currently repaying the debt (typically, key "screen prints" showing the basic data regarding the origin and acquisition of the debt, the amount of the unpaid balance, and the absence of voluntary payments).
- **The debtor's burden of proof:** The law places on the debtor the burden of proving those facts that make out a "defense" to the proposed AWG, because knowledge of these facts is assumed to be in the possession of the debtor, not the creditor. Thus, the debtor has the burden of proving by a preponderance of the evidence any fact that would prevent or reduce AWG by proving that --
 - the debt doesn't exist, is smaller than claimed, has been or is currently been paid, or is not legally enforceable for any reason recognized by applicable law, which may include the program statute and regulations, other federal law, court rulings (common law), and state law;

- the debtor is personally protected from action to collect this debt by AWG specifically (e.g., recent reemployment after loss of job), or is personally protected from any collection action (e.g., the automatic stay in bankruptcy or a discharge in bankruptcy);
- AWG would cause a financial hardship to the debtor and his or her dependents.
- **IRS National Standards as binding rule**: ED uses the IRS National Standards as a reliable and binding, measure of hardship. These standards now bind both debtors and ED in evaluating hardship. As a practical matter, this means that if the debtor presents proof that a particular expense has been incurred in excess of the Standards, but provides no persuasive argument and evidence that the needs of his or her household make that larger amount reasonable and necessary, ED can rely on the rule itself as a sufficient legal basis for rejecting as unreasonable that amount to the extent that the expense exceeds the amount typical under the Standards for households with size and income like the debtor's.
- **Finality of the hearing decision**: ED has previously had no rules that bar debtors from reasserting objections that ED had previously rejected.

8.0 TREASURY OFFSET PROGRAM(TOP)

Under the Treasury Offset Program (TOP), the Bureau of the Fiscal Service, Department of the Treasury (Treasury) offsets federal and some state payments owed to a borrower. While the most common type of federal payment offset is federal income tax refunds, many other types of payments, including vendor payments and monthly Social Security benefit payments are also eligible for full or partial offset. In addition to federal payments, state payments, such as state tax refunds and vendor payments, may be offset in TOP.

FSA must request Treasury offset through a certification process. PCAs must provide accurate information about Treasury offsets and the borrower's Treasury offset certification status.

The most common complaint against PCAs that FSA receives is that the PCA told the borrower offsets can be avoided by making payments.

FSA does not pay collection costs on payments received thru Treasury offset.

See 23.0 – CONTACTS for the FSA contact for TOP Hearings process and hardship claims.

8.1 65-day Notice

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

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

TOP 65-day notices are currently mailed once each year, usually around the July or August timeframe. FSA will notify all system users when these notices are being generated. *Note: TOP 65-day notices will often show up with a blank address line; in these instances, the notice was sent to the address that IRS had on file for the borrower.*

If the PCA is contacted by the borrower within the 65-day period, the PCA must remind the borrower that he/she may avoid being certified for offset by entering into a voluntary repayment plan and ensuring that FSA receives the first voluntary payment within 65 days of the notice. The PCA must also remind the borrower to continue to make timely, consecutive monthly payments to avoid future Treasury offset.

PCAs must supply the borrower with copies of any records (usually promissory notes) that he/she requests. However, PCAs do not need to protect these accounts from certification nor keep special track of these requests.

If the PCA receives a written request for FSA review, the PCA must immediately, via overnight delivery service, forward the request to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402
***Should not contain payments

The PCA must mail each request for review in separate packaging and include a cover sheet indicating "TOPRFR."

8.2 Avoiding Certification for Tax Offset

If the borrower wants to avoid being certified for tax offset by entering into an agreed-upon repayment agreement, the borrower must:

- make a payment that posts by the 65th day after the Treasury Offset notice was sent; and
- keep making payments as agreed. If the borrower stops making or misses more than one payment they risk getting certified for offset.

The PCA must update the Payment Schedule on DMCS once the 1st payment posts. To avoid the garnishment it has to be before the 65th day after the Treasury Offset notice was sent

8.3 Certification

At the end of the 65 days, or shortly thereafter, FSA will certify for offset eligible accounts where a review is not pending or where the borrower has not entered into an approved repayment agreement and started making payments. FSA will notify all system users once certification has been completed each year.

The TOP Status on the on the TOP Borrower Information - User Defined Page (UDP) will show "CERTIFIED." Accounts that are not certified will have "REMOVED" as the TOP Status.

If an offset occurs, the offset amount will show in the TOP Offset Amount Field. This amount increases cumulatively to reflect the sum of offset amount that process year.

Once FSA certifies an account for offset, that account will remain certified until the account is resolved, or inactivated as legally required by law (such as active bankruptcies).

After an account is certified for offset, the PCA must remind the borrower that entering into a voluntary payment plan will not stop future offsets and, instead, must attempt to negotiate payment in full, compromise, rehabilitation, or consolidation.

The Default Resolution Group will recall SSA offset accounts from the PCA if there is no evidence that the PCA is actively working toward resolution, so PCAs must promptly annotate the account with contact attempts and updates.

If an offset posts earlier than the consolidation or rehabilitation payment, the overpayment will be credited to the borrower's loan and the PCA's commission will be reduced.

8.4 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 TOP Borrower Information UDP/Financial Transactions Pane. The date on the notice is typically the effective date of the offset.

8.5 Inactivation

Once an account is satisfied (paid in full, compromised, consolidated, rehabilitated, discharged), FSA will notify Treasury to inactivate the account. However, if a GA also certified an account in TOP, and the borrower inquires about that account, the borrower should be referred to the GA to resolve the GA account.

The TOP Active Indicator on the on the TOP Borrower Information - User Defined Page (UDP) will show "INACTIVE."

Also, inactivated accounts should have a comment in DMCS Historical Events window stating why the inactivation occurred on the account and who inactivated the account.

If the borrower contacts the PCA, the PCA must remind the borrower that it take three weeks for the Treasury to inactivate the account and borrowers may contact Treasury at 1-800-304-3107, to verify their account certification status.

8.6 Request for Refunds

FSA seldom refunds a portion of a borrower's income tax refund unless there is proof of extreme hardship. In general, borrowers must be facing eviction or foreclosure to qualify for hardship refund of a tax refund offset. Extreme hardship is evaluated on a case-by-case basis. FSA will more leniently suspend or reduce the recurring offset of monthly payments, especially Social Security benefits. If the borrower states that an offset is causing a hardship, the PCA should:

- Explain to the borrower that the PCA does not have any authority to suspend or refund offsets;
- Refer the borrower to the Default Resolutions Group (DRG) at (800) 621-3115; and
- Annotate DMSC with summary of conversation

8.7 TOP Reversals

8.7.1 Injured Spouse Claims

When Treasury offsets an income tax refund that was filed jointly, Treasury offsets the entire refund.

If the PCA is contacted by a borrower whose spouse wishes to claim his/her portion of the refund, the PCA must advise the borrower that:

- not all individuals qualify for such a refund;
- the non-liable spouse may claim his/her portion by filing an injured spouse claim (IRS Form 8379 Injured Spouse Allocation) with the IRS; and

- the form can be obtained from the IRS or from the Default Resolution Group, but must be submitted to the IRS.

If the IRS honors the injured spouse claim, some or the entire original offset will be debited from the borrower's account balance in the form of a TOP reversal transaction.

Borrowers filing joint state tax returns should check with their state's department of taxation to determine if similar relief is available for state refunds.

8.7.2 Other TOP reversals

TOP reversals may occur for reasons other than injured spouse claims such as processing errors, or debts with a higher priority that should have received the offset). The borrower is responsible for the amount of the reversal, plus any interest and/or collection costs that are added because of the balance increase.

8.8 Reduction and suspension of monthly offsets

In cases of financial hardship, borrowers may request a reduction of the amount of a regular monthly offsets, such as offsets of SSA and Office of Personnel Management benefit payments and stipends in cases of hardship. FSA may reduce or temporarily suspend offsets due to financial hardship.

In addition, FSA may temporarily suspend offset while the borrower pursues a disability or other discharge.

The PCA must refer borrowers to the Default Resolution Group (800) 621-3115, for further information about hardship claims. Note: **The Default Resolution Group will recall SSA offset accounts** from the PCA if there is no evidence that the PCA is actively working toward resolution, so PCAs must promptly annotate the account.

8.9 Identifying borrowers certified for offset

A report is available for the PCAs to identify borrower accounts that have been certified and/or active for TOP. The name of the report is "TOP Certification Status With Workgroup" and it can be accessed as follows:

Create a new custom report:

1. Open DMCS at <https://www.dmcsedebt.ed.gov/tfa>
2. Select the "Reports" tab
3. A "Report Manager Portal Logon" window will come up and you will need to put in your DMCS UserName and Password, and select "Logon"
4. To open an existing .rdl file select "Report Builder", and then an "Application Run-Security Warning will appear, select "Run" and it will bring up the Report Builder Menu
5. You need to put in your DMCS User Name and Password and select "OK"
6. You will be at a blank report builder canvas that you can drag and drop the fields that you want to see in your results on to the results screen from the explorer window.

7. To filter the report results click on the "Filter" button in the top navigation bar and it will bring you to "Filter Data"
8. From the fields on the left you can drag and drop what you want to use to filter your report on to the blank canvas.
9. On the above tool bar, select "Run Report". This may take a few minutes to complete.
10. To export the results of your report to your local computer, select "Export" icon and then select the file format you want the results in. CSV (comma delimited) is the suggested format but you can select whatever format meets your needs.
11. To save the report itself(not the results) for later use, select the "File" menu and select "Save to File" and save the .rdl file to your computer for future use.

Open an existing .rdl:

Once the report has been saved to your computer (above steps 1-11), each time you want to run it you will complete instructions 1-5 above and then:

1. Select "File" menu, and select option "open from file"
2. Then select the rdl report "TOP Certification Status With Workgroup"
3. Select "Filter" button
4. Select "Work Group" (PCA) name, select "OK"
5. It will take you back to main page of report builder, select "Run Report"

The codes needed to determine whether the borrower is certified, recertified, active or inactive are:

CODE	MEANING
1072	Recertified
1073	Certified
1075	Active
1076	Inactive

8.0 – Appendix A – Sample Treasury Notice of Offset

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
PO BOX 1686
BIRMINGHAM, ALABAMA 35201-1686
THIS IS NOT A BILL – PLEASE RETAIN FOR YOUR RECORDS
12/15/14

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 Bureau of Fiscal 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.

U.S. Department of the Treasury
Bureau of the Fiscal Service
(800) 304-3107
TELECOMMUNICATIONS DEVICE FOR THE DEAF (TDD) (866) 297-0517

PAYMENT SUMMARY

PAYEE NAME:	JOE BORROWER	PAYEE TIN:	999999999
PAYMENT BEFORE REDUCTION:	\$976.00	PAYMENT DATE:	07/03/08

9.0 LITIGATION

If a PCA is unable to recover funds through available collection tools, the PCA may refer debts to FSA for litigation. FSA will consider litigation submissions accepted by FSA to be administrative resolutions and will pay an administrative fee.

9.1 Requirements for Litigation Referral

Before referring accounts to FSA for litigation, the PCA must confirm the following:

(b)(5)

(b)(5)

A list of Private Counsel Districts is provided below.

- Credit Bureau Report (CBR) within 30 days of Certificate of Indebtedness (COI) prepared date.
- Home address verification within 30 days of COI prepared date. (b)(5)

- (b)(5)

- Debts must have been on FSA's DMCS system (b)(5)

- (b)(5)

- No unresolved disputes. Check Historical Events window to verify that all disputes are settled.

- (b)(5)

- No borrowers (b)(5)

- No borrowers (b)(5)

- No accounts with incorrect balance accounting. Examples: 1) debt with negative (or interest only) balance, 2) consolidated debt with positive or negative balance. If a debt has been consolidated, the PCA must close it as CN and adjust the balance to zero.

- No accounts with bad data on the system. For example, disbursement date is one day before default date.

- No referrals with judgments (judgments do not expire under federal law, (b)(5))

(b)(5)

Check Historical Events window for judgments already obtained by DOJ, and check DEBTINFO and CBR for judgments obtained by schools and guaranty agencies).

- (b)(5)

- All available FSA collection efforts, including Treasury offset and administrative wage garnishment, should be exhausted prior to preparing the case for litigation. Litigation is a collection tool of last resort.

- (b)(5)

9.2 Private Counsel Districts

The following Department of Justice Districts have private counsel contracts and will accept a lower principal balance for referral. The PCA can identify the District in which the borrower resides by using the Department of Justice District Zip Code Directory.

1.	Central District of California (Los Angeles)	DOJCA08A
2.	Northern District of California (San Francisco)	DOJCA10A
3.	District of Columbia (Washington, DC)	DOJDC15A
4.	Middle District of Florida (Tampa)	DOJFL16A
5.	Southern District of Florida (Miami)	DOJFL18A
6.	Northern District of Illinois (Chicago)	DOJIL26A
7.	Eastern District of Michigan (Detroit)	DOJMI41A
8.	District of New Jersey (Newark)	DOJNJ52A
9.	Eastern District of New York (Brooklyn)	DOJNY54A
10.	Northern District of New York (Syracuse)	DOJNY55A
11.	Western District of New York (Buffalo)	DOJNY57A
12.	Eastern District of Pennsylvania (Philadelphia)	DOJPA68A
13.	Western District of Pennsylvania (Pittsburgh)	DOJPA70A
14.	South Carolina	DOJSC73A
15.	Northern District of Texas (Dallas)	DOJTX79A
16.	Southern District of Texas (Houston)	DOJTX80A

9.3 Preparing the Litigation Package

The PCA must prepare the litigation packages in accordance with the instructions provided by FSA's Litigation Support Unit. If the litigation package is not complete and accurate it will be rejected back to the PCA for additional work. The PCA must provide:

- borrower's employment and real property information;

(b)(5)

- home address verification within 30 days of COI prepared date (b)(5)
- phone number, home or work, verification within 30 days of COI prepared date;
- employment and/or real property verification within 30 days of COI prepared date for ALL referrals. The known and verified property should be listed in the CCLR, Block 25;
- prepared Litigation Package Cover Sheet in duplicate;
- printed litigation package documentation placed inside a manila file folder, without holes punched, and without fastener;
- completed COI;
- beginning the 1st of June of each year, do not prepare a variable interest rate COI (do not submit the litigation package) until the new rate is updated in system—see DEBT DETAIL – OVERVIEW;
- completed Claims Collection Litigation Report (CCLR). The requested information on the report must be provided as directed.
- Credit Bureau Report (CBR) within 30 days of COI prepared date;

- screen print reports of account collection records dated same as COI prepared date for the following windows:
 - Borrower Information
 - Borrower Address History
 - Debt Detail (Direct, FFEL, FISL, Perkins)
 - Debt Information
 - Debt Overview
 - Financial Transactions
 - Historical Events
- copies of all Applications and Promissory Notes. (b)(5)

(b)(5)

- copies of Student Loan Applications, Claims for Insurance Payments and assignment documentation, if available.
- copies of disputes from borrowers, with FSA responses; and
- copies of first and last demand letters along with the dates the letters were sent to borrower. The letters must be legible. Mark each of the letters with a letter code as noted on NOTICE REQUESTS. For example, for a particular collection agency, under field document should be an initial demand letter.

The PCA does not have to include resolved debts the package.

(b)(5)

PCAs can obtain electronic copies of the materials needed to complete a litigation referral package. The following materials can be obtained from the Litigation Support Team in San Francisco:

- Department of Justice District Zip Code Directory
- Template of CCLR
- RDL files needed to Screen Print Reports
- FLU Directory
- San Francisco Litigation Support Directory
- Cofl Templates

The PCA must update any information contained in the package that becomes outdated due to non-compliance by the PCA.

9.4 Mailing the Litigation Package

PCAs must mail the litigation package to:

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

9.0 – Appendix A – Litigation Package Cover Sheet

PCA Quality Assurance: _____ DOJ District Work Queue: _____
Name/initials

U.S. DEPARTMENT OF EDUCATION
LITIGATION PACKAGE COVER SHEET

Agency Name: _____ Agency Code: _____

DATE _____

BORROWER'S NAME: _____

BORROWER'S SSN: _____

This sheet should be made in duplicate and package should contain the following:

- A. Certificate of Indebtedness (COI)
- B. Claims Collection Litigation Report (CCLR)
- C. Credit Bureau Report
- D. Debt Management and Collection System (DMCS) Reports – BORROWER INFORMATION, BORROWER ADDRESS HISTORY, DEBT DETAIL (DIRECT, FFEL, FISL, or PERKINS), DEBT INFORMATION, DEBT OVERVIEW, FINANCIAL TRANSACTIONS, and HISTORICAL EVENTS.
- E. Copy of Promissory Note(s) and other documentation and correspondence if available
- F. Copy of First and Last Demand Letters

FOR FSA USE ONLY

ACCOUNT WILL BE REJECTED/RETURNED FOR THE FOLLOWING REASON:

ACCOUNT WILL BE ACCEPTED ___ DATE OF ACCEPTANCE _____

Signature of Loan Analyst Reviewing

9.0 – Appendix B – DOJ Judicial District-Work Queue Table

1. Find the borrower’s zip code noted on the BORROWER pane, and see the NCIFZipCodeTable.xls and FLU Directory files to obtain the DOJ Judicial District.
2. Find the Work Queue for that DOJ Judicial District in the table below.

Work Queue	DOJ Judicial District	Tag
DOJAK04A	AK	bAK
DOJAL01A	ALM	bALM
DOJAL02A	ALN	bALN
DOJAL03A	ALS	bALS
DOJAR06A	ARE	bARE
DOJAR07A	ARW	bARW
DOJAZ05A	AZ	bAZ
DOJCA08A	CAC	bCAC
DOJCA09A	CAE	bCAE
DOJCA10A	CAN	bCAN
DOJCA11A	CAS	bCAS
DOJCO12A	CO	bCO
DOJCT13A	CT	bCT
DOJDC15A	DC	bDC
DOJDE14A	DE	bDE
DOJFL16A	FLM	bFLM
DOJFL17A	FLN	bFLN
DOJFL18A	FLS	bFLS
DOJGA19A	GAM	bGAM
DOJGA20A	GAN	bGAN
DOJGA21A	GAS	bGAS
DOJGU22A	GU	bGU
DOJHI23A	HI	bHI
DOJIA30A	IAN	bIAN
DOJIA31A	IAS	bIAS
DOJID24A	ID	bID
DOJIL25A	ILC	bILC
DOJIL26A	ILN	bILN
DOJIL27A	ILS	bILS
DOJIN28A	INN	bINN
DOJIN29A	INS	bINS
DOJKS32A	KS	bKS

Work Queue	DOJ Judicial District	Tag
DOJKY33A	KYE	bKYE
DOJKY34A	KYW	bKYW
DOJLA35A	LAE	bLAE
DOJLA36A	LAM	bLAM
DOJLA37A	LAW	bLAW
DOJMA40A	MA	bMA
DOJMD39A	MD	bMD
DOJME38A	ME	bME
DOJMI41A	MIE	bMIE
DOJMI42A	MIW	bMIW
DOJMN43A	MN	bMN
DOJMO46A	MOE	bMOE
DOJMO47A	MOW	bMOW
DOJMS44A	MSN	bMSN
DOJMS45A	MSS	bMSS
DOJMT48A	MT	bMT
DOJNC58A	NCE	bNCE
DOJNC59A	NCM	bNCM
DOJNC60A	NCW	bNCW
DOJND61A	ND	bND
DOJNE49A	NE	bNE
DOJNH51A	NH	bNH
DOJNJ52A	NJ	bNJ
DOJNM53A	NM	bNM
DOJNV50A	NV	bNV
DOJNY54A	NYE	bNYE
DOJNY55A	NYN	bNYN
DOJNY56A	NYS	bNYS
DOJNY57A	NYW	bNYW
DOJOH62A	OHN	bOHN
DOJOH63A	OHS	bOHS
DOJOK64A	OKE	boKE
DOJOK65A	OKN	bOKN
DOJOK66A	OKW	bOKW
DOJOR67A	OR	bOR
DOJPA68A	PAE	bPAE

Work Queue	DOJ Judicial District	Tag
DOJPA69A	PAM	bPAM
DOJPA70A	PAW	bPAW
DOJPR71A	PR	bPR
DOJRI72A	RI	bRI
DOJSC73A	SC	bSC
DOJSD74A	SD	bSD
DOJTN75A	TNE	bTNE
DOJTN76A	TNM	bTNM
DOJTN77A	TNW	bTNW
DOJTX78A	TXE	bTXE
DOJTX79A	TXN	bTXN
DOJTX80A	TXS	bTXS
DOJTX81A	TXW	bTXW
DOJUT82A	UT	bUT
DOJVA85A	VAE	bVAE
DOJVA86A	VAW	bVAW
DOJVI84A	VI	bVI
DOJVT83A	VT	bVT
DOJWA87A	WAE	bWAE
DOJWA88A	WAW	bWAW
DOJWI91A	WIE	bWIE
DOJWI92A	WIW	bWIW
DOJWV89A	WVN	bWVN
DOJWV90A	WVS	bWVS
DOJWY93A	WY	bWY

9.0 – Appendix C – Preparing the Certificates of Indebtedness (COI)

1. What is a COI? The COI is a legal document certifying the facts of the case and is used by U.S. Attorneys to pursue the Department’s financial interest in a court of law.
2. Why is a COI needed? The COI shows the facts of the case, which must accompany each referral to DOJ for litigation collection.
3. What source document is required to support the COI? (b)(5) Include the Application if it is available or integrated with the Promissory Note. (b)(5)
(b)(5)
4. What information must be in the COI? A statement of the relevant facts including how the borrower became indebted to the United States of America, the default date, principal balance of the debt, amount and rate of accrued interest on principal balance, amount of payments applied and statutory authorities. Further, the statement has to be consistent and clear of ambiguity. The disbursement amounts and dates have to be documented in a format to emphasize clarity. The “aka” should be any name used on the promissory note only. The “aka” caption has to be documented on the COI accordingly. Do not use names found on the Credit Bureau Reports as “aka.” (b)(5)
5. Why must everything in the COI be accurate? The COI is the legal document used by FSA personnel and U.S. Attorneys to prepare Affidavits and Declarations in support of summary judgment.
6. Who prepares the COI? Collection Agency personnel will prepare the COI.
 - Prepare one COI for an account that has same type of loans, with same interest rates, from same guarantor, unless directed otherwise.
 - Prepare separate COI(s) for an account that has loans with different interest rates.
 - COI should list all AKA(s), as identified on the promissory notes.
 - COI should have no information cutoff
 - List in chronological order the dates that the borrower executed promissory notes
 - Number COI(s) in chronological order. For example, COI #1 of 2 - earlier loans, and COI #2 of 2 - later loans
 - Document only the first disbursement date and omit the word “through” if first/last disbursement dates are the same
 - Beginning June 1 of each year, do not prepare variable interest rate COIs (do not submit the litigation package) until the new rate is updated in the system—see DEBT DETAIL - OVERVIEW
7. What is the format of the COI?
 - Margins: 0.5” – 1” top, bottom, left, right. Balance the margins accordingly.
 - Font Size: 10 - 12 points. Limit the COI to one (1) page. The optimum font size to fit loan information to 1-page COI is 11 points—size must be consistent throughout the document, if possible.
 - Spacing: 3 - 4 spaces from Certification block to Signature block
 - COI should fit on a single page
 - Alignment: align COI blocks accordingly
 - Use consistent format, if possible
8. Where does the PCA get the information to prepare the COI? From the application and promissory notes, student loan files and FSA’s computer panes.

9. When should the PCA use the FFELP 8/10^{or} Loan COI? On a current 10^{or} interest rate Stafford loan that has an 8^{or} to 10^{or} promissory note. Use the variable rate COI if the loan has converted to a variable rate.
10. What is the format for documenting multiple disbursement amounts and disbursement dates from a Master Promissory Note? The format is as follows: \$amount (subsidized) & \$amount (unsubsidized) on mm/dd/yy, \$amount (subsidized) & \$amount (unsubsidized) on mm/dd/yy - mm/dd/yy
For example: This loan was disbursed for \$3,500.00 on 03/31/94, \$5,500.00 & \$5,000.00 on 09/16/94 – 09/26/94, \$5,000.00 & \$5,500.00 on 12/27/94 – 04/24/95, \$10,000.00 on 08/28/95, \$8,500.00 & \$10,000.00 on 04/30/96 - 08/23/96, and \$8,500.00 & 10,000.00 on 01/06/97 – 04/28/97

9.0 – Appendix D – COI Forms FDLP Loan – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1) [BORROWER NAME]
123 Place Street (2) [ADDRESS]
Los Angeles, CA 90044 (3) [CITY, STATE...]
Account No. XXXXX6789 (4) [SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6) [DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7) \$[AMOUNT ON PNOTE] from the U.S. Department of Education. This loan was disbursed for (8) \$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (9) [DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹] at (10) [DIRECTDEBTINFO INTEREST RATE] % interest per annum. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (11) [DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (12) \$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited (13) \$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDDETAIL BALANCES TOTAL PAYMENT] from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (14) \$[BALANCE CALCULATION TOOL]
Interest: (15) \$[BALANCE CALCULATION TOOL]

Total debt as of (16) [MM/DD/YY]: (17) \$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (18) \$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹ Use all dates that are not the same.

FDLP Loan – Fixed Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = amount on promissory note (list each amount)
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DEBTINFO pane
10. Interest rate = INTEREST RATE on the DIRECTDEBTINFO pane
11. Defaulted on the obligation on = DEFAULT DATE on the DIRECTDEBTINFO pane
12. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
13. Department has credited = AMOUNT COLLECTED BY SERVICER on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
14. Principal = BALANCE CALCULATION TOOL
15. Interest = BALANCE CALCULATION TOOL
16. Current date
17. Total debt amount = BALANCE CALCULATION TOOL
18. Rate of = Principal times Factor (Interest/365.25)

FDLP Loan – Variable – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[AMOUNT ON PNOTE] from the U.S. Department of Education. This loan was disbursed for (8)\$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (9)[DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE] at a variable rate of interest to be established annually. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (10)[DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (11)\$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of (12)\$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (13)\$[BALANCE CALCULATION TOOL]
Interest: (14)\$[BALANCE CALCULATION TOOL]

Total debt as of (15)[MM/DD/YY]: (16)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the current rate of (17)[DEBT DETAIL-OVERVIEW INTEREST RATE] % and a daily rate of (18)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to Section 455(b) of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087e.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

FDLP Loan – Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = amount on promissory note (list each amount).
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DIRECTDEBTINFO pane
10. Defaulted on the obligation on = DEFAULT DATE on the DIRECTDEBTINFO pane
11. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
12. Department has credited a total of (payments) = AMOUNT COLLECTED BY SERVICER on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
13. Principal = BALANCE CALCULATION TOOL
14. Interest = BALANCE CALCULATION TOOL
15. Current date
16. Total debt amount = BALANCE CALCULATION TOOL
17. Current rate = INTEREST RATE on the DEBT DETAIL – OVERVIEW pane
18. Daily rate of = Principal times Factor (Interest/365.25)
through June 30, 201x, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FDLP Loan – Master Promissory Note – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed master promissory note(s) to secure loan(s)⁴ (hereafter “loan”) from the U.S. Department of Education. This loan was disbursed for (7)\$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (8)[DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE⁵] at (9)[DIRECTDEBTINFO INTEREST RATE] % interest per annum. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (10)[DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (11)\$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of (12)\$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (13)\$[BALANCE CALCULATION TOOL]
Interest: (14)\$[BALANCE CALCULATION TOOL]

Total debt as of (15)[MM/DD/YY]: (16)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (17)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

⁴ To be used for loan(s) with master promissory note.

⁵ Use all dates that are not the same.

FDLP Loan-- Master Promissory Note – Fixed Rate –COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane. List the earlier loan first, the later loan last.
8. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DIRECTDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
RE: 7-8. E.G., This loan was disbursed for \$2,625.00 on 07/21/01, \$3,453.00 on 07/21/01, \$3,552.00 on 08/12/01 - 01/02/02, \$1,262.00 on 08/1/01 - 01/02/02, \$2,030.00 on 05/08/02, \$363.00 on 05/08/02, \$4,278.00 on 08/11/02 - 12/30/02, \$1,306.00 on 05/20/03 - 06/25/03, \$5,076.00 on 05/20/03 - 06/25/03, \$1,788.00 on 08/19/03, and \$3,541.00 on 08/19/03 at a variable rate of interest to be established annually.
9. Interest rate = INTEREST RATE on the DIRECTDEBTINFO pane
10. Defaulted on the obligation on = DEFAULT DATE on the DIRECTDEBTINFO pane
11. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
12. Department has credited a total of (payments) = AMOUNT COLLECTED BY SERVICER on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
13. Principal = BALANCE CALCULATION TOOL
14. Interest = BALANCE CALCULATION TOOL
15. Current date
16. Total debt amount = BALANCE CALCULATION TOOL
17. Daily rate of = Principal times Factor (Interest/365.25)

FDLP Loan – Master Promissory Note – Variable – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed master promissory note(s) to secure loan(s)⁶ (hereafter “loan”) from the U.S. Department of Education. This loan was disbursed for (7)\$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (8)[DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE⁷] at a variable rate of interest to be established annually. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (9)[DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (10)\$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of (11)\$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (12)\$[BALANCE CALCULATION TOOL]
Interest: (13)\$[BALANCE CALCULATION TOOL]

Total debt as of (14)[MM/DD/YY]: (15)\$[BALANCE CALAULATION TOOL]

Interest accrues on the principal shown here at the current rate of (16)[DEBT DETAIL- OVERVIEW INTEREST RATE] ^{o/c} and a daily rate of (17)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to Section 455(b) of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087e.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

⁶ To be used for loan(s) with master promissory note.

⁷ Use all dates that are not the same.

FDLP Loan-- Master Promissory Note - Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane. List the earlier loan first, the later loan last.
8. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DIRECTDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
RE: 7-8. E.G., This loan was disbursed for \$2,625.00 on 07/21/01, \$3,453.00 on 07/21/01, \$3,552.00 on 08/12/01 - 01/02/02, \$1,262.00 on 08/1/01 - 01/02/02, \$2,030.00 on 05/08/02, \$363.00 on 05/08/02, \$4,278.00 on 08/11/02 - 12/30/02, \$1,306.00 on 05/20/03 - 06/25/03, \$5,076.00 on 05/20/03 - 06/25/03, \$1,788.00 on 08/19/03, and \$3,541.00 on 08/19/03 at a variable rate of interest to be established annually.
9. Defaulted on the obligation on = DEFAULT DATE on the DIRECTDEBTINFO pane
10. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
11. Department has credited a total of (payments) = AMOUNT COLLECTED BY SERVICER on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
12. Principal = BALANCE CALCULATION TOOL
13. Interest = BALANCE CALCULATION TOOL
14. Current date
15. Total debt amount = BALANCE CALCULATION TOOL
16. Current interest rate = INTEREST RATE on the DEBT DETAIL - OVERVIEW pane
17. Daily rate of = Principal times Factor (Interest/365.25)... through June 30, 201x, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FDLP Consolidation Loan – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed a promissory note to secure a Direct Consolidation loan from the U.S. Department of Education. This loan was disbursed for (7)\$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (8)[DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE⁸] at (9)[DIRECTDEBTINFO INTEREST RATE] % interest per annum. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (10)[DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (11)\$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of (12)\$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (13)\$[BALANCE CALCULATION TOOL]
Interest: (14)\$[BALANCE CALCULATION TOOL]

Total debt as of (15)[MM/DD/YY]: (16)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (17)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

⁸ Use all dates that are not the same.

FDLP Consolidation Loan – Fixed Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane
8. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DIRECTDEBTINFO pane
9. Interest rate = INTEREST RATE on the DIRECTDEBTINFO pane
10. Defaulted on the obligation on = DEFAULT DATE on the DIRECTDEBTINFO pane
11. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
12. Department has credited a total of (payments) = AMOUNT COLLECTED BY SERVICER amount on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDETAIL BALANCES. Only the amount actually applied to the debt(s) should be included.
13. Principal = BALANCE CALCULATION TOOL
14. Interest = BALANCE CALCULATION TOOL
15. Current date
16. Total debt amount = BALANCE CALCULATION TOOL
17. Rate of = Principal times Factor (Interest/365.25)

FDLP Consolidation Loan – Variable – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest as of (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed a promissory note to secure a Direct Consolidation loan from the U.S. Department of Education. This loan was disbursed for (7)\$[DIRECTDEBTINFO DISBURSEMENT AMOUNT] on (8)[DIRECTDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE] at a variable rate of interest to be established annually. The loan was made by the Department under the William D. Ford Federal Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087a et seq. (34 C.F.R. Part 685). The Department demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (9)[DIRECTDEBTINFO DEFAULT DATE]. Pursuant to 34 C.F.R. § 685.202(b), a total of (10)\$[DIRECTDEBTINFO CAPITALIZED INTEREST] in unpaid interest was capitalized and added to the principal balance.

The Department has credited a total of (11)\$[DIRECTDEBTINFO AMOUNT COLLECTED BY SERVICER + DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (12)\$[BALANCE CALCULATION TOOL]
Interest: (13)\$[BALANCE CALCULATION TOOL]

Total debt as of (14)[MM/DD/YY]: (15)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the current rate of (16)[DEBT DETAIL - OVERVIEW INTEREST RATE] % and a daily rate of (17)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to Section 455(b) of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087e.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

FDLP Consolidation Loan – Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Loan was disbursed for = DISBURSEMENT AMOUNT on the DIRECTDEBTINFO pane
8. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the DIRECTDEBTINFO pane
9. Defaulted on the obligation = DEFAULT DATE on the DIRECTDEBTINFO pane
10. Capitalized interest = CAPITALIZED INTEREST on the DIRECTDEBTINFO pane
11. Department has credited a total of (payments) = AMOUNT COLLECTED BY SERVICER on the DIRECTDEBTINFO pane, plus TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
12. Principal = BALANCE CALCULATION TOOL
13. Interest = BALANCE CALCULATION TOOL
14. Current date
15. Total debt amount = BALANCE CALCULATION TOOL
16. Current rate = INTEREST RATE on the DEBT DETAIL – OVERVIEW pane
17. Daily rate of = Principal times Factor (Interest/365.25)
... through June 30, 201x, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FFELP Loan – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[LIST AMOUNT ON P-NOTE] from (8)[LENDER NAME ON PNOTE]. This loan was disbursed for (9)\$[FFELDEBTINFO DISBURSEMENT AMOUNT] on (10)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹] at (11)[DEBT DETAIL-OVERVIEW INTEREST RATE] % interest per annum. The loan obligation was guaranteed by (12)[NAME OF GUARANTY AGENCY], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (13)\$[FFELDEBTINFO DISBURSEMENT AMOUNT - LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (14)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (15)\$[See Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (16)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (17)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (18)\$[BALANCE CALCULATION TOOL]
Interest: (19)\$[BALANCE CALCULATION TOOL]

Total debt as of (20)[MM/DD/YY]: (21)\$[BALANCE CALCUALTION TOOL]

Interest accrues on the principal shown here at the rate of (22)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹ Use all dates that are not the same.

FFELP Loan – Fixed Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = loan amount requested on promissory note(s) (list each amount)
8. From = name of lender on promissory note(s) (include City and State when listed)
9. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane. List the earlier loan first, the later loan last.
10. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
11. Interest rate = INTEREST RATE on the DEBT DETAIL - OVERVIEW pane
12. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFELDebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
13. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
14. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
15. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
16. And on = DATE ENTERED date on the FFELDEBTINFO pane
17. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
18. Principal = BALANCE CALCULATION TOOL
19. Interest = BALANCE CALCULATION TOOL
20. Current date
21. Total debt amount = BALANCE CALCULATION TOOL
22. Rate of = Principal times Factor (Interest/365.25)

FFELP Loan – Variable – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[LIST AMOUNT ON P-NOTE] from (8)[LENDER NAME ON PNOTE]. This loan was disbursed for (9)[FFELDEBTINFO DISBURSEMENT AMOUNT] on (10)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE⁹] at a variable rate of interest to be established annually by the Department of Education. The loan obligation was guaranteed by (11)[NAME OF GUARANTY AGENCY], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (12)\$[FFELDEBTINFO DISBURSEMENT AMOUNT - LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (13)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (14)\$[See Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (15)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATION TOOL]
Interest: (18)\$[BALANCE CALCULATION TOOL]
Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the current rate of (21)[DEBT DETAIL - OVERVIEW INTEREST RATE] % and a daily rate of (22)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. 1077a.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

⁹ Use all dates that are not the same

FFELP Loan – Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = loan amount requested on promissory note(s) (list each amount)
8. From = name of lender on promissory note(s) (include City and State when listed)
9. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane
10. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane
11. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFEL DebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
12. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
13. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
14. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
15. And on = DATE ENTERED date on the FFELDEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal = BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCULATION TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATION TOOL
21. Current rate = INTEREST RATE on the DEBT DETAIL - OVERVIEW pane
22. Daily rate of = Principal times Factor (Interest/365.25)... through June 30, 201X, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FFELP 8/10% Loan – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044(3) [CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[LIST AMOUNT ON P-NOTE] from (8)[LENDER NAME ON PNOTE]. This loan was disbursed for (9)\$[FFELDEBTINFO DISBURSEMENT AMOUNT] on (10)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹] at 8⁰⁰/₁₀₀ interest, rising to 10⁰⁰/₁₀₀ after the fourth year of repayment. The loan obligation was guaranteed by (11)[NAME OF GUARANTY AGENCY], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (12)\$[FFELDEBTINFO DISBURSEMENT AMOUNT - LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (13)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (14)\$[See instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (15)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATION TOOL]
Interest: (18)\$[BALANCE CALCULATION TOOL]
Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of 10⁰⁰/₁₀₀ per annum and a daily rate of (21)\$[PRIN * FACTOR (INT/365.25)].

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹ Use all dates that are not the same.

FFELP 8/10% Loan – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = loan amount requested on promissory note(s) (list each amount)

8. From = name of lender on promissory note(s) (include City and State when listed)
9. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane
10. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane
11. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFEL DebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
12. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
13. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
14. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
15. And on = DATE ENTERED date on the FFELDEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal = BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCULATION TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATION TOOL
21. Rate of = Principal times Factor (Interest/365.25)

FFELP Loan – Master Promissory Note – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed master promissory note(s) to secure loan(s)¹⁰ (hereafter “loan”) from (7)[LENDER NAME ON PNOTE]. This loan was disbursed for (8)[FFELDEBTINFO DISBURSEMENT AMOUNT] on (9)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹¹] at (10)[FFELDEBTINFO INTEREST RATE] ^o interest per annum. The loan obligation was guaranteed by (11)[NAME OF GUARANTY AGENCY], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (12)\$[FFELDEBTINFO DISBURSEMENT AMOUNT - LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (13)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (14)\$[see Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (15)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATION TOOL]

Interest: (18)\$[BALANCE CALCULATION TOOL]

Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (21)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹⁰ To be used for loan(s) with master promissory note

¹¹ Use all dates that are not the same

FFELP Loan—Master Promissory Note – Fixed Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. From = name of lender on promissory note(s) (include City and State when listed)
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane. List the earlier loan first, the later loan last.
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
10. Interest rate = INTEREST RATE on the FFELDEBTINFO pane
11. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFEL DebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
12. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
13. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
14. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
15. And on = DATE ENTERED on the FFELDEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal = BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCULATION TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATION TOOL
21. Daily rate of = Principal times Factor (Interest/365.25)

FFELP Loan – Master Promissory Note – Variable – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed master promissory note(s) to secure loan(s)¹² (hereafter "loan") from (7)[LENDER NAME ON PNOTE]. This loan was disbursed for (8)[FFELDEBTINFO DISBURSEMENT AMOUNT] on (9)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹³] at a variable rate of interest to be established annually by the Department of Education. The loan obligation was guaranteed by (10)[NAME OF GUARANTY AGENCY], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (11)\$[FFELDEBTINFO DISBURSEMENT AMOUNT - LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (12)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (13)\$[See Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (14)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (15)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (16)\$[BALANCE CALCULATION TOOL]
Interest: (17)\$[BALANCE CALCULATION TOOL]
Total debt as of (18)[MM/DD/YY]: (19)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the current rate of (20)[DEBT DETAIL - OVERVIEW INTEREST RATE] ^{o/c} and a daily rate of (21)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. 1077a.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹² To be used for loan(s) with master promissory note

¹³ Use all dates that are not the same

FFELP Loan—Master Promissory Note – Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. From = name of lender on promissory note(s) (include City and State when listed)
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane. List the earlier loan first, the later loan last.
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
10. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFEL DebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
11. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
12. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
13. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
14. And on = DATE ENTERED date on the FFELDEBTINFO pane
15. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
16. Principal = BALANCE CALCULATION TOOL
17. Interest = BALANCE CALCULATION TOOL
18. Current date
19. Total debt amount = BALANCE CALCUALTION TOOL
20. Current rate = INTEREST RATE on the DEBT DETAIL - OVERVIEW pane
21. Daily rate of = Principal times Factor (Interest/365.25)
through June 30, 201x, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FFELP Consolidation Loan – Fixed – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed a promissory note to secure a Federal Family Education Loan Program Consolidation loan from (7)[LENDER NAME ON PNOTE]. This loan was disbursed for (8)\$[FFELDEBTINFO DISBURSEMENT AMOUNT] on (9)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹] at (10)[FFELDEBTINFO INTEREST RATE] ^{o/w} interest per annum. The loan obligation was guaranteed by (11)[GUARANTY AGENCY NAME], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (12)\$[FFELDEBTINFO DISBURSEMENT AMOUNT minus LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (13)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (14)\$[See Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (15)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATION TOOL]

Interest: (18)\$[BALANCE CALCULATION TOOL]

Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (21)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹ Use all dates that are not the same.

FFELP Consolidation Loan – Fixed Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Consolidation loan from = name of lender on promissory note (include City and State when listed)
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane
10. Interest rate = INTEREST RATE on the FFELDEBTINFO pane
11. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFELDebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
12. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
13. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
14. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
15. And on = DATE ENTERED date on the FFELDEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal = BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCUALTION TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATION TOOL
21. Rate of = Principal times Factor (Interest/365.25)

FFELP Consolidation Loan – Variable

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed a promissory note to secure a Federal Family Education Loan Program Consolidation loan from (7)[LENDER NAME ON PNOTE]. This loan was disbursed for (8)[FFELDEBTINFO DISBURSEMENT AMOUNT] on (9)[FFELDEBTINFO FIRST DISBURSEMENT DATE] through [LAST DISBURSEMENT DATE¹⁴] at a variable rate of interest to be established annually by the Department of Education. The loan obligation was guaranteed by (10)[GUARANTY AGENCY NAME], and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (11)\$[FFELDEBTINFO DISBURSEMENT AMOUNT minus LENDER PRINCIPAL] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (12)[FFELDEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of (13)\$[see Instructions] to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the BORROWER. The guarantor was unable to collect the full amount due, and on (14)[FFELDEBTINFO DATE ENTERED], assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of (15)\$[DEBTDDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (16)\$[BALANCE CALCULATOR TOOL]
Interest: (17)\$[BALANCE CALCULATOR TOOL]
Total debt as of (18)[MM/DD/YY]: (19)\$[BALANCE CALCULATOR TOOL]

Interest accrues on the principal shown here at the current rate of (20)[DEBT DETAIL - OVERVIEW INTEREST RATE] ^{o/c} and a daily rate of (21)\$[PRIN * FACTOR (INT/365.25)] through June 30, 201X, and thereafter at such rate as the Department establishes pursuant to section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. 1077a.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹⁴ Use all dates that are not the same

FFELP Consolidation Loan – Variable Rate – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note
7. Consolidation loan from = name of lender on promissory note (include City and State when listed)
8. Loan was disbursed for = DISBURSEMENT AMOUNT on the FFELDEBTINFO pane
9. Loan was disbursed on = FIRST DISBURSEMENT DATE through LAST DISBURSEMENT DATE on the FFELDEBTINFO pane
10. Guaranteed by = name of guaranty agency on promissory note. If name of the Guaranty Agency (GA) is not on the prom note, go to DMCS FFEL DebtInfo and look up the 2-letter GA code. If conflict exists between the prom note and DMCS, use the GA listed on the prom note. See 9.0 - Appendix F - Guaranty Agency List.
11. And credited = DISBURSEMENT AMOUNT minus LENDER PRINCIPAL amount on the FFELDEBTINFO pane. If less than zero, enter \$0.00.
12. Defaulted on the obligation on = DEFAULT DATE on the FFELDEBTINFO pane
13. Guaranty agency paid a claim in the amount of = Lender Principal or Lender Principal plus Prior Capitalized Interest, or Lender Principal plus Total 120 Interest, or Disbursement Amount plus Prior Capitalized Interest, or Disbursement Amount plus Total 120 Interest. The guaranty agency paid claim must be equal to or greater than the Principal Amount Assigned.
14. And on = DATE ENTERED date on the FFELDEBTINFO pane
15. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
16. Principal = BALANCE CALCULATOR TOOL
17. Interest = BALANCE CALCULATOR TOOL
18. Current date
19. Total debt amount = BALANCE CALCULATOR TOOL
20. Current rate = INTEREST RATE on the DEBT DETAIL - OVERVIEW pane
21. Daily rate of = principal times Factor (Interest/365.25)
through June 30, 201x, and thereafter ... (interest rate will change annually on July 1st of each year and be valid through June 30th of the following year).

FISLP Loan – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE ON PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[LIST AMOUNT ON PNOTE] from (8)[LENDER NAME ON PNOTE]. This loan was disbursed for (9)\$[DEBTINFO DISBURSEMENT AMOUNT] on (10)[DEBTINFO DISBURSEMENT DATE] at (11)[DEBTINFO INTEREST RATE] ^o/_o interest per annum. The loan obligation was guaranteed by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited (12)\$[DEBTINFO DISBURSEMENT AMOUNT minus PRINCIPAL BALANCE ASSIGNED] to the outstanding principal owed on the loan. The BORROWER defaulted on the obligation on (13)[DEBTINFO DEFAULT DATE], and the holder filed a claim on the loan guarantee. The loan was subsequently assigned to the Department on (14)[DEBTINFO DATE ENTERED]. The Department paid a claim in the amount of (15)\$[DEBTINFO PRINCIPAL BALANCE ASSIGNED plus INTEREST BALANCE ASSIGNED] to the holder.

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATOR TOOL]
Interest: (18)\$[BALANCE CALCULATOR TOOL]
Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATOR TOOL]

Interest accrues on the principal shown here at the rate of (21)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

FISLP Loan – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = loan amount requested on promissory note(s) (list each amount)
8. From = name of lender on promissory note(s) (include City and State when listed)
9. Loan was disbursed for = DISBURSEMENT AMOUNT on the DEBTINFO pane.
10. Loan was disbursed on = DISBURSEMENT DATE on the DEBTINFO pane.
11. Interest rate = INTEREST RATE on the DEBTINFO pane
12. And credited = DISBURSEMNT AMOUNT minus PRINCIPAL BALANCE ASSIGNED amount on the DEBTINFO pane
13. Defaulted on the obligation on = DEFAULT DATE on the DEBTINFO pane
14. Assigned to the Department on = DATE ENTERED date on the DEBTINFO pane
15. Department paid a claim in the amount of = PRINCIPAL AMOUNT ASSIGNED plus INTEREST BALANCE ASSIGNED on the DEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal = BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCULATOR TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATOR TOOL
21. Rate of = Principal times Factor (Interest/365.25)

NDSL/Perkins Loan – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE BORROWER SIGNED PNOTE], the BORROWER executed promissory note(s) to secure loan(s) of (7)\$[LIST EACH LOAN AMOUNT ON PNOTE] from (8)[NAME OF SCHOOL ON PNOTE] at (9)[PNOTE/PERKINSDEBTINFO INTEREST RATE] % interest per annum. The institution made the loan under the federally-funded National Defense/Direct Student Loan, now Perkins Student Loan, programs authorized under Title IV-E of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087aa et seq. (34 C.F.R. Part 674). The institution demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (10)[PERKINSDEBTINFO DEFAULT DATE]. Due to this default, the institution assigned all rights and title to the loan to the Department of Education.

After the institution credited all cancellations due and payments received, the BORROWER owed the school (11)\$[PERKINSDEBTINFO PRINCIPAL AMOUNT ASSIGNED] principal and (12)\$[PERKINSDEBTINFO INTEREST AMOUNT ASSIGNED] interest. This principal and interest, together with any unpaid charges, totaled (13)\$[PERKINSDEBTINFO PRINCIPAL AMOUNT ASSIGNED plus INTEREST AMOUNT ASSIGNED plus other fees assigned, if any]. The loan was assigned to the Department on (14)[PERKINSDEBTINFO DATE ENTERED].

Since assignment of the loan, the Department has credited a total of (15)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (16)\$[BALANCE CALCULATION TOOL]

Interest: (17)\$[BALANCE CALCULATION TOOL]

Total debt as of (18)[MM/DD/YY]: (19)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of (20)\$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

NDSL/Perkins Loan – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER signed promissory note(s) (list all dates)
7. To secure loan(s) of = amount loaned on promissory note(s) (list each amount)
 - Number of signature dates should equal number of disbursement amounts
8. From = name of school on promissory note
9. Interest rate = INTEREST RATE ASSIGNED on the promissory note/PERKINSDEBTINFO pane
10. Defaulted on the obligation on = DEFAULT DATE on the PERKINSDEBTINFO pane
11. Owed the school (principal) = PRINCIPAL AMOUNT ASSIGNED on the PERKINSDEBTINFO pane
12. And (interest) = INTEREST AMOUNT ASSIGNED on the PERKINSDEBTINFO pane
13. Principal and interest, together with any unpaid charges, totaled = PRINCIPAL AMOUNT ASSIGNED plus INTEREST AMOUNT ASSIGNED plus other fees assigned, if any on PERKINSDEBTINFO pane
14. Loan was assigned to the Department on = DATE ENTERED on the PERKINSDEBTINFO pane
15. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
16. Principal = BALANCE CALCULATOR TOOL
17. Interest = BALANCE CALCULATOR TOOL
18. Current date
19. Total debt amount = BALANCE CALCULATOR TOOL
20. Rate of = Principal times Factor (Interest/365.25)

Perkins Loan – Master Promissory Note – COI

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 1

John Doe (1)[BORROWER NAME]
123 Place Street (2)[ADDRESS]
Los Angeles, CA 90044 (3)[CITY, STATE...]
Account No. XXXXX6789 (4)[SSN]

I certify that U.S. Department of Education records show that the BORROWER named above is indebted to the United States in the amount stated below plus additional interest from (5)(MM/DD/YY).

On or about (6)[DATE BORROWER SIGNED PNOTE], the BORROWER executed master promissory note(s) to secure loan(s)¹⁵ (hereafter “loan”) from (7)[NAME OF SCHOOL ON PNOTE]. This loan was disbursed for (8)[PERKINSDEBTINFO PRINCIPAL AMOUNT LOANED] on (9)[PERKINSDEBTINFO DATE OF LAST ADVANCE] at (10)[PNOTE/PERKINSDEBTINFO INTEREST RATE ASSIGNED] %^o interest per annum. The institution made the loan under the federally-funded Perkins Student Loan Program authorized under Title IV-E of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087aa et seq. (34 C.F.R Part 674). The institution demanded payment according to the terms of the note, and the BORROWER defaulted on the obligation on (11)[PERKINSDEBTINFO DEFAULT DATE]. Due to this default, the institution assigned all rights and title to the loan to the Department of Education.

After the institution credited all cancellations due and payments received, the BORROWER owed the school (12)\$[PERKINSDEBTINFO PRINCIPAL AMOUNT ASSIGNED] principal and (13)\$[PERKINSDEBTINFO INTEREST AMOUNT ASSIGNED] interest. This principal and interest, together with any unpaid charges, totaled (14)\$[PRINCIPAL AMOUNT ASSIGNED plus INTEREST AMOUNT ASSIGNED plus other fees assigned, if any]. The loan was assigned to the Department on (15)[PERKINSDEBTINFO DATE ENTERED].

Since assignment of the loan, the Department has credited a total of (16)\$[DEBTDETAIL BALANCES TOTAL PAYMENT] in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the BORROWER now owes the United States the following:

Principal: (17)\$[BALANCE CALCULATION TOOL]
Interest: (18)\$[BALANCE CALAULATION TOOL]
Total debt as of (19)[MM/DD/YY]: (20)\$[BALANCE CALCULATION TOOL]

Interest accrues on the principal shown here at the rate of \$[PRIN * FACTOR (INT/365.25)] per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Loan Analyst
Litigation Support Unit

¹⁵ To be used for loan(s) with master promissory note

Perkins Loan - Master Promissory Note – COI Instructions

1. BORROWER's name on the BORROWER pane
2. BORROWER's street address on the BORROWER pane
3. City, State and Zip code on the BORROWER pane
4. BORROWER's SSN on the BORROWER pane (also see promissory note). Replace the first five digits of the SSN with "XXXXX."
5. Current date
6. On or about date = date BORROWER executed master promissory note(s)
7. The BORROWER executed master promissory note(s) to secure loan(s) from = name of school on promissory note
8. Loan was disbursed for = PRINCIPAL AMOUNT LOANED on the PERKINSDEBTINFO pane. List the earlier loan first, the later loan last.
9. Loan was disbursed on = DATE OF LAST ADVANCE on the PERKINSDEBTINFO pane. List the dates in chronological order: earlier date first, later date last.
10. Rate of interest per annum = INTEREST RATE on the promissory note/PERKINSDEBTINFO pane
11. Defaulted on the obligation on = DEFAULT DATE on the PERKINSDEBTINFO pane
12. Owed the school (principal) = PRINCIPAL AMOUNT ASSINGED on the PERKINSDEBTINFO pane
13. And (interest) = INTEREST AMOUNT ASSINGED on the PERKINSDEBTINFO pane
14. Principal and interest, together with any unpaid charges, totaled = PRINCIPAL AMOUNT ASSIGNED plus INTEREST AMOUNT ASSIGNED plus other fees assigned, if any, on the PERKINSDEBTINFO pane
15. Loan was assigned to the Department on = DATE ENTERED on the PERKINSDEBTINFO pane
16. Department has credited a total of (payments) = TOTAL PAYMENT amount on the DEBTDETAIL BALANCES pane. Only the amount actually applied to the debt(s) should be included.
17. Principal= BALANCE CALCULATION TOOL
18. Interest = BALANCE CALCULATION TOOL
19. Current date
20. Total debt amount = BALANCE CALCULATION TOOL
 - a. Rate of = Principal times Factor (Interest/365.25)

9.0 – Appendix E – Preparing the Claims Collection Litigation Report (CCLR)

The Department of Justice began using a new CCLR as of April 1, 2015. If the PCA is not using the new CCLR for its referral packages please contact the San Francisco Litigation Support Unit and it can provide a template of that document.

The CCLR must mirror the information provided in the COI. Further, the CCLR information provided must contain data that have been verified. The CCLR must be error free.

For an account with multiple COI's, prepare a separate CCLR page 1 and 2 for each COI.

Note: Submit only pages 1 thru 11 of the CCLR with the litigation package.

1. Agency Claim No.: Insert debtor's borrower number listed on DMCS Borrower pane. Also, insert the borrower number and the SSN at the top of the page and at top of all subsequent pages of the CCLR (fillable PDF will automatically populate this on the top of all pages).
2. Date: Insert the date the System panes are printed.
3. a. Referring Agency: Insert the following:
 - U.S. Department of Education
 - 50 Beale Street, Room 8629
 - San Francisco, CA 94105-1813
 - b. Original Creditor Agency: Insert N/A
 - c. Referring Agency Contact: Insert the following:
[See 23.0 – CONTACTS for this information.]
 - d. Referring Agency Location Code (ALC): Insert the referring Agency Location Code (ALC): 91020012.
 - e. Total Amount Claim: Insert the total amount of the claim for each COI (same amount placed in 9a).
 - f. Treasury Offset Program: Check Box.
4. Debtor's Name, Address, SSN: Insert the debtor's first, middle, and last name and full address. Include the debtor's SSN as the identifying number.
5. SOL Expiration Date: Leave Blank
 - Basis for SOL Expiration Date (include statute):
 - Insert: Higher Education Amendments of 1992 eliminated the SOL.
6. Foreclosure Address: Enter N/A.
7. Delinquency Date: Insert the date of default. If multiple default dates, enter the first default date.
8. a. Request for DOJ Concurrence: Check **NO**.
 - b. Referred for: Check Enforced Collection
 - c. Debtor in Bankruptcy: Insert N/A
9. a. Amount of Claim: Insert current principal and interest due and the interest through date for each COI .
For the date interest began and date penalties began to accrue, leave them blank.
 - b. Interest Rate: Does Pre-Judgment interest accrue on this debt? Check **Yes**. What is the legal authority for the accrual of interest? Insert: **Promissory Note**. Interest Rate Type: check Annual. Interest Rate: Insert applicable interest rate. Amount accrued daily: insert the daily interest listed on the COI.
 - c. What is the legal authority for the accrual of penalties? If penalty is due, insert: Promissory Note; otherwise, enter N/A. Penalty Interest Rate Type: check "Other" if penalty is due and insert "One-Time"; otherwise, leave blank. Penalty Interest Rate: leave blank. Amount Accrued Daily: leave blank.

d. Should DOJ compromise on the Agency's behalf?

(b)(5)

(b)(5)

10. Explanation of Claim: Check Note, guaranty, order, citation, or some other authority.
11. Name of person who verified Debtor Information..: Insert name of the PCA (Private Collection Agency) representative who verified each part of the CCLR
12. a. Debtor Type: Check Individual.
b. Debtor Status: Check Primary. If debtor status is co-debtor or co-signer or guarantor, call the Litigation Unit for guidance.
13. a. Debtor's full name and address: Insert debtor's full name and address.
b. Debtor's Identification Number: Insert the debtor's 9-digit social security number. Other identifying No.: Insert the borrower number.
14. Debtor Contact Information: Insert all known contact telephone numbers for the debtor. If applicable, include the debtor's email address and website. Include any job titles of the debtor if they are associated with an entity.
15. Date of Birth: Insert debtor's date of birth. Also, include the relationship to the primary debtor, if applicable. Otherwise, leave blank.
16. Alias or Other Names Used: Insert any known name(s) the debtor uses/has used, including maiden name, other than the name in blocks 4 and 13a. If unknown, insert **Unknown**.
17. Basis of liability (include applicable statute): Insert the following:
Claim evidenced by the promissory note.
Higher Education Act of 1965, as amended.
18. Form of Business: Insert N/A
19. Best Place to Serve: Insert where summons and complaint may be served on debtor personally, (b)(5)
(b)(5)
20. Entity Debtor's Only: Insert N/A.
21. Is debtor represented by an Attorney? Insert **No**
22. Debtor's Job Title: Insert debtor's job title and/or description, if known. Otherwise, insert **Unknown**.
23. Employer's Name and Address: Insert full name of address of debtor's employer, including part-time employers, if known. Otherwise, insert **Unknown**.
24. Debtor's Salary: Insert debtor's gross salary, and how often paid, if known. Otherwise, leave blank.
25. Debtor Property: Insert data on any real estate or personal property. If debtor is being sued for possible lien on property, this block must be populated. (b)(5)
26. Assets in which the Government has a secured interest: Insert N/A.
27. Other Assets: Insert data on any other assets the Government might be able to attach to pay the claim, such as bank or credit union addresses, account numbers, etc. If not known, insert Unknown.
28. Insert N/A
29. Insert N/A
30. Insert N/A
31. Insert N/A
32. Additional Agency Contact Information: Under the Administrative Unit, insert **Same as Block 3c**.
33. Brief Description of the Program That Suffered a Loss: Insert – Student Loan Programs under the Higher Education Act of 1965, as amended.

34. Date of Last Demand for Payment: Insert date of last demand on debtor to pay this claim and summary of the debtor's response to that demand. Include details and date of any admission of debt by the debtor.

35 (b)(5)

36. Collections Action Taken: Insert data on actions taken by the PCA to collect this claim up to this point.

37. Total Payments Received to Date: Insert the total payments received as indicated on the COI and the date of last payment.

38. Provide brief explanation if referral was previously sent to DOJ for litigation: Insert N/A.

39. Additional Information – HHS Loans: Leave blank.

40. Additional Information - Treasury Referrals: Leave blank.

41. CCLR Supplemental Data Sheet: Insert additional information, if any. Otherwise, leave blank.

END OF CCLR

9.0 – Appendix F – Guaranty Agency List

NOTE: Some agencies are now closed, but we still hold loans they guaranteed. This list is for determining what to list on the Certificate of Indebtedness. PCA checkpoints should be the promissory note and the FFELDEBTINFO pane.

This section lists the names, addresses, and other identifying information of the guaranty agencies. The address may be used to contact guaranty agencies to resolve discrepancies in backup data. However, do not use this address if a guaranty agency has provided the PCA with a different address or addressee.

Each agency is listed in alphabetical order by the name of the state in which it is the primary guarantor. The three-digit guaranty agency code listed in parentheses for each agency is the coding system used by the Department to identify each guaranty agency.

The Higher Education Assistance Foundation (HEAF) ceased operations on December 31, 1993. In preparation for the closing, HEAF transferred its remaining guarantees on loans not in default to other guaranty agencies. Affected lenders were notified of the guaranty agency now holding their student loan guarantees which were originally issued by HEAF. The new guaranty agency will be reported on the back-up data. The Department possesses the records on defaulted loans on which HEAF paid default claims to lenders. The Educational Credit Management Corporation (ECMC), (formerly the Transitional Guaranty Agency (TGA)), processes records relating to a small number of loans guaranteed by HEAF that were not transferred to other agencies and for loans guaranteed by HEAF that were paid as or subsequently became Chapter 13 bankruptcy claims. ECMC also holds and services Chapter 13 default bankruptcies for numerous guaranty agencies that, on a voluntary basis, transfer these portfolios to ECMC.

The Puerto Rico Higher Education Assistance Corporation (PRHEAC) ceased operations on April 15, 1994 and all guarantees were transferred to the Great Lakes Higher Education Corporation (GLHEC). GLHEC will hold all defaulted loans and related records previously held by PRHEAC.

The Mississippi Guaranty Student Loan Agency (MGSLA) ceased operations on September 30, 1994 and all guarantees were transferred to the United Student Aid Funds, Inc. (USAF). USAF will hold all defaulted loans and related records previously held by MGSLA.

The Student Loan Fund of Idaho, Inc. (SLFI) has been replaced (July 1, 1994) by the Northwest Education Loan Association (NELA) as the designated guarantor. However, SLFI has not yet transferred defaulted loans and related records to NELA.

The Delaware Higher Education Loan Program (DHELP) ceased guarantor operations on April 24, 1996 and all guarantees were transferred to Pennsylvania Higher Education Assistance Agency (PHEAA). PHEAA will hold all defaulted loans and related records previously held by DHELP.

The State Education Assistance Authority (SEAA) in Virginia has been replaced (July 1, 1996) by the Educational Credit Management Corporation (ECMC) as the designated guarantor.

The Ohio Student Aid Commission (OSAC) ceased guarantor operations effective August 1, 1996 and all guarantees were transferred to Great Lakes Higher Education Corporation (GLHEC). GLHEC will hold all defaulted loans and related records previously held by OSAC.

The Alabama Commission of Higher Education (ACHE) ceased operations in December 1996 and all guarantees have been transferred to Kentucky Higher Education Assistance Authority (KHEAA) as of June 1996. KHEAA will hold all defaulted loans and related records previously held by ACHE.

NORTHSTAR Guarantee Incorporated ceased operations in December 1997 and all guarantees were transferred to Great Lakes Higher Education Corporation (GLHEC). GLHEC holds all defaulted loans and related records previously held by Northstar.

Alabama, AL (701)
Alabama Commission on Higher Education (Closed)
See Kentucky

Alaska, AK (702)
See United Student Aid Funds, Inc.

Arizona, AZ (804)
See United Student Aid Funds, Inc.

Arkansas, AR (705)
Student Loan Guarantee Foundation of Arkansas
219 South Victory
Little Rock, AR 72201-1884
(501) 372-1491

California, CA (706)
California Student Aid Commission/EdFund
P.O. Box 419045
Rancho Cordova, CA 95741-9045
(916) 526-7900

Colorado, CO (708)
Colorado Student Loan Program
One Denver Place
999 18th Street, Suite 425
Denver, CO 80202-2440
(303) 294-5050

Connecticut, CT (709)
Connecticut Student Loan Foundation
525 Brook Street, P. O. Box 1009
Rocky Hill, CT 06067
(860) 257-4001

Delaware, DE (710)
See Pennsylvania

District of Columbia, DC (611)
Higher Education Assistance Foundation (Closed)
See Massachusetts

Educational Credit Management Corporation (ECMC) (927)
(Formerly the Transitional Guaranty Agency (TGA))
American National Bank Building
101 East 5th Street, Suite 2400
St. Paul, MN 55101
(612) 221-0566

Florida, FL (712)
State of Florida, Department of Education
Office of Student Financial Assistance
1344 Florida Education Center
325 West Gain Street
Tallahassee, FL 32399
(850) 488-4095

Georgia, GA (713)
Georgia Higher Education Assistance Corporation
2082 East Exchange Place, Suite 200
Tucker, GA 30084
(770) 414-3000

Hawaii, HI (815)
See United Student Aid Funds, Inc.

Idaho, ID (716)
Student Loan Fund of Idaho, Inc.
P. O. Box 730
Fruitland, ID 83619
(208) 452-4058

Illinois, IL (717)
Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL 60015
(847) 948-8500

Indiana, IN (718)
See United Student Aid Funds, Inc.

Iowa, IA (719)
Iowa College Student Aid Commission
200 10th Street
Fourth Floor
Des Moines, IA 50309-3609
(515) 281-3501

Kansas, KS (620)
See United Student Aid Funds, Inc.

Kentucky, KY (721)
Kentucky Higher Education Assistance Authority
1050 U.S. 127 South
Suite 102
Frankfort, KY 40601-4323
(502) 696-7200

Louisiana, LA (722)
Louisiana Office of Student Financial Assistance
P. O. Box 91202
Baton Rouge, LA 70821-9202
(504) 922-1012

Maine, ME (723)
Maine Education Assistance Division
Finance Authority of Maine
#119 State House Station
One Weston Court
Augusta, ME 04333
(207) 623-3263

Maryland, MD (724)
See United Student Aid Funds, Inc.

Massachusetts, MA (725)

American Student Assistance
330 Stuart Street, Berkeley Place
Boston, MA 02116-5292
(800) 999-9080

Michigan, MI (726)
Michigan Higher Education Assistance Authority
P. O. Box 30047
Lansing, MI 48909
(800) 642-5626

Minnesota, MN (727)
See Wisconsin

Mississippi, MS (728)
See United Student Aid Funds, Inc.

Missouri, MO (729)
Coordinating Board for Higher Education
3515 Amazons Drive
Jefferson City, MO 65109-5717
(573) 751-2361

Montana, MT (730)
Montana Guaranteed Student Loan Program
2500 Broadway
Helena, MT 59620-3101
(406) 444-6594

Nebraska, NE (731)
Nebraska Student Loan Program
1300 O Street
P.O. Box 82507
Lincoln, NE 68501-2507
(402) 475-8686

Nevada, NV (732)
See United Student Aid Funds, Inc.

New Hampshire, NH (733)
New Hampshire Higher Education Assistance Foundation
44 Warren Street
P. O. Box 877
Concord, NH 03302-0877
(603) 225-6612

New Jersey, NJ (734)
New Jersey Higher Education Assistance Authority
Guaranteed Student Loan Program
4 Quakerbridge Plaza
P.O. Box 540
Trenton, NJ 08625-0540
(800) 792-8670

New Mexico, NM (735)
New Mexico Student Loan Guarantee Corporation
3900 Osuna, N.E.
P.O. Box 92230
Albuquerque, NM 87199-2230
(505) 345-3371

New York, NY (736)
New York State Higher Education Services Corporation
99 Washington Avenue, Twin Towers
Albany, NY 12255
(518) 473-7087

North Carolina, NC (737)
North Carolina State Education Assistance Authority
P.O. Box 2688
Chapel Hill, NC 27515-2688

(919) 549-8614

North Dakota, ND (738)
Student Loans of North Dakota
North Dakota Guaranteed Student Loan Program
P. O. Box 5524
Bismarck, ND 58506-5524
(701) 328-5754

Ohio, OH (739)
See Wisconsin

Oklahoma, OK (740)
Oklahoma State Regents for Higher Education
Guaranteed Student Loan Program
P. O. Box 3000
Oklahoma City, OK 73101-3000
(405) 858-4300

Oregon, OR (741)
Oregon State Scholarship Commission
1500 Valley River Drive
Suite 100
Eugene, OR 97401
(541) 687-7400

Pennsylvania, PA (742)
Pennsylvania Higher Education Assistance Agency
1200 N. 7th Street
Towne House
Harrisburg, PA 17102-1444
(717) 720-2850

Puerto Rico, PR (772)
See Wisconsin

Rhode Island, RI (744)
Rhode Island Higher Education Assistance Authority
560 Jefferson Boulevard
Warwick, RI 02886-1320
(401) 736-1100

South Carolina, SC (745)
South Carolina State Education Assistance Authority
Interstate Center
Suite 210
P. O. Box 210219
Columbia, SC 29221
(803) 798-0916

South Dakota, SD (746)
Education Assistance Corporation
115 First Avenue, S.W.
Aberdeen, SD 57401
(605) 225-6423

Tennessee, TN (747)
Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, TN 37243-0820
(615) 741-1346

Texas, TX (748)
Texas Guaranteed Student Loan Corporation
P.O. Box 201725
Austin, TX 78720
(512) 219-5700

Transitional Guaranty Agency (927)
See Educational Credit Management Corporation

United Student Aid Funds, Inc. (USAF) (800)
United Student Aid Funds, Inc.
P.O. Box 6180
Indianapolis, IN 46206-6180
(317) 849-6510

Utah, UT (749)
Utah Higher Education Assistance Authority
355 West North Temple
#3 Triad Center, Suite 550
Salt Lake City, UT 84180-1025
(801) 321-7200

Vermont, VT (750)
Vermont Student Assistance Corporation
P. O. Box 2000, Champlain Mill
Winooski, VT 05404-2601
(802) 655-9602

Virgin Islands, VI (778)
See Wisconsin

Virginia, VA (751)
See Educational Credit Management Corporation

Washington, WA (753)
Northwest Education Loan Association

500 Coleman Building
811 First Avenue
Seattle, WA 98104
(206) 461-5300

West Virginia, WV (654)
See Pennsylvania

Wisconsin, WI (755)
Great Lakes Higher Education Corporation
P.O. Box 7858
Madison, WI 53707
(608) 246-1800

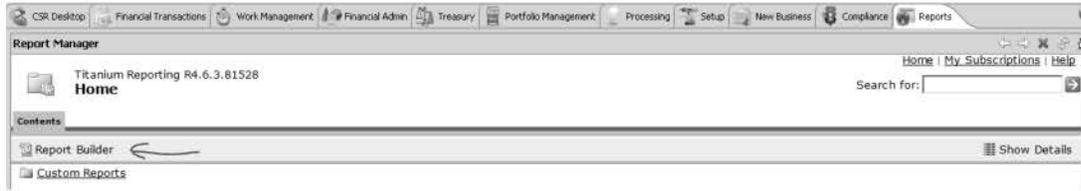
Wyoming, WY (656)
See United Student Aid Funds, Inc.

9.0 – Appendix G – Quality Assurance at Private Collection Agencies

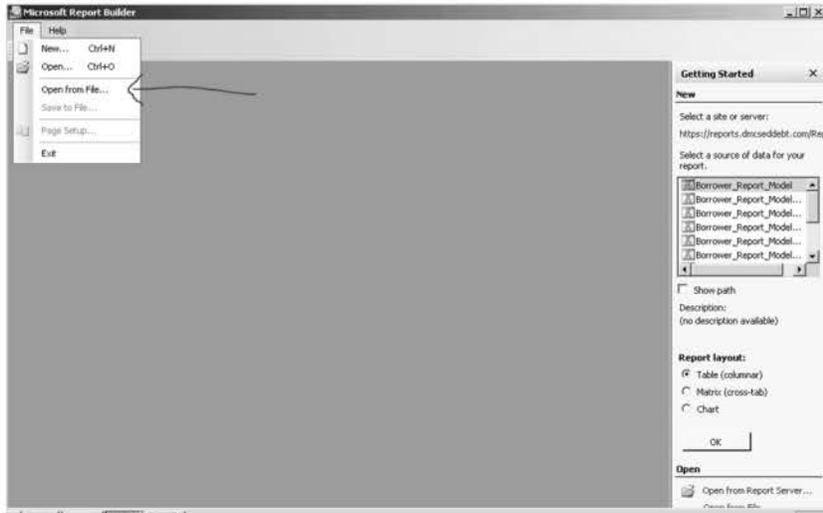
1. The PCA Quality Assurance monitor should sign the Cover Sheets (upper left corner) verifying that the litigation package has been completed in accordance with directions provided by Litigation Support Unit staff.
2. The PCA Quality Assurance monitor should review the litigation package for accuracy and clarity; check for any errors and correct before submitting to Litigation Support Unit.
3. Each litigation package, without holes punched, must be contained in a folder, without fastener: Manila File Folder, Top Tabs, 1/3 Cut, 1st Position, Letter Size. Label the folder with the borrower's name and/or SSN.
4. Review cover sheet to ensure DOJ District / Work Queue is correct.
5. Review Certificates of Indebtedness (COI). All COI(s) must be error free and reflect data as contained in the printouts provided. COI(s) must be original and numbered. For example, Certificate of Indebtedness #1 of 1. Different interest rates require separate COI(s) and a CCLR "THE CLAIM AT A GLANCE."
6. Do not prepare separate COI(s) for an account that has same type of loans, with same interest rates, from same guarantor, unless directed otherwise.
7. Do not submit fronts of promissory notes with backs from different promissory notes. This is not acceptable.
8. Referrals with missing promissory notes cannot be litigated.
9. All Application and Promissory Notes must be fully legible with no information cutoff and/or pages missing.
10. Indemnifications in lieu of Promissory Notes are not acceptable for litigation.
11. The "aka" should be any name used on the promissory note only.
12. Do not use a P.O. Box address on the COI.
13. Prepare one CCLR for an account with loans that has same interest rate. For an account with loans that has different interest rates, prepare separate page 1 and 2 of the CCLR for each COI.
14. Review the CCLR for accuracy. Ensure all requested responses are provided. COI and CCLR should list all aka(s), as identified on the promissory notes only.
15. Do not submit account for litigation if borrower does not own real property and is unemployed.
16. Review CBR for open bankruptcy or possible student loan judgment.
17. Review HISTORICAL EVENTS and DEBTINFO panes for prior judgment and/or DOJ assignment.
18. Review HISTORICAL EVENTS pane to verify that all disputes are settled. If the borrower was sent application (disability, closed school, unpaid refund, etc.) to request for discharge of the loan(s) and has not completed it, within 90 days, then it is OK to refer for litigation. Descriptions of this activity need to be on the CCLR Supplementary Sheet, if not elsewhere in the referral, such as on the HISTORICAL EVENTS. Copy of all documents pertinent to the dispute need to be included as part of the referral package.
19. Review FSA's database to assure payments have not posted within 60 days and the account is not paid-in-full/compromised.
20. Accounts returned from DOJ, for any reasons, are not to be referred to DOJ again (check HISTORICAL EVENTS).
21. The 1st of June of each year, do not prepare a variable interest rate COI (do not submit the litigation package) until the new rate is updated in system—see DEBTINFO pane(s).
22. Ensure that all FSA criteria have been met.

9.0 – Appendix H – How to Run Litigation Screen Print Reports

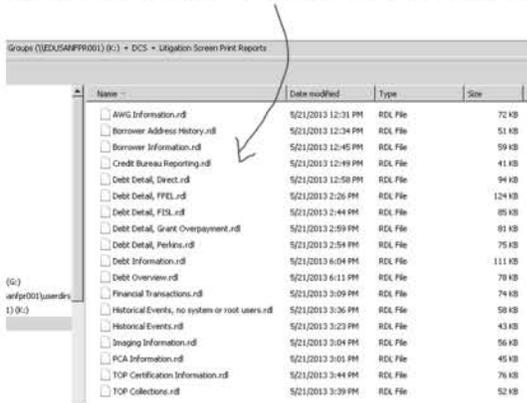
Users must login to Citrix first (<https://fsacitrixweb.ed.gov>), and then log into DMCS. Under the Reports tab, click on Report Builder:



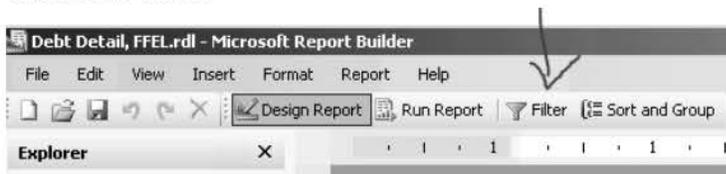
Click yes to run, and then enter the DMCS userid and passwords again twice when prompted. Then choose the “Open from File” option under the “File” tab:



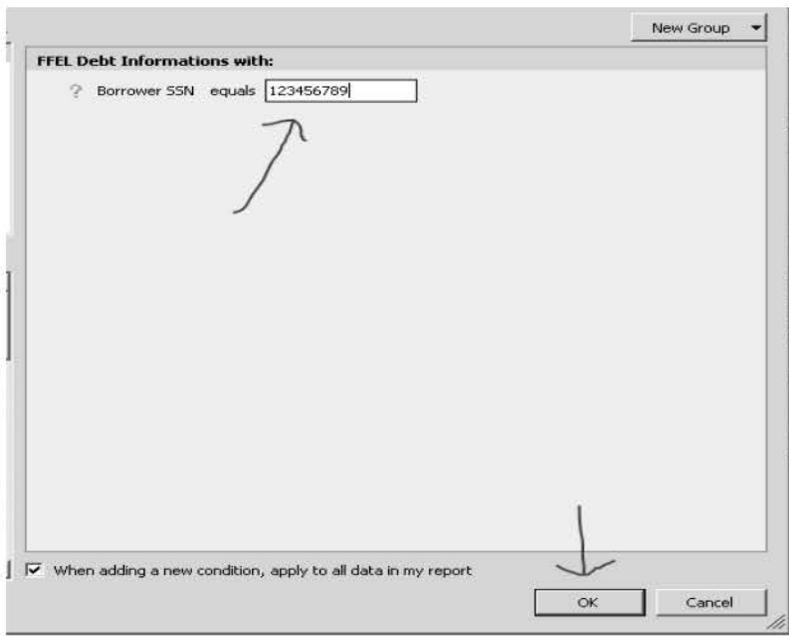
Select a report (.rdl file) from K-DCS-Litigation Screen Print Reports; double click to open:



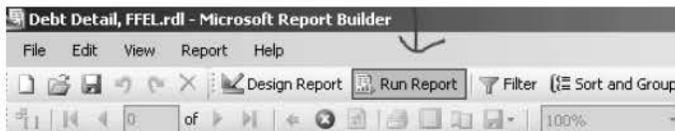
Then click “Filter:”



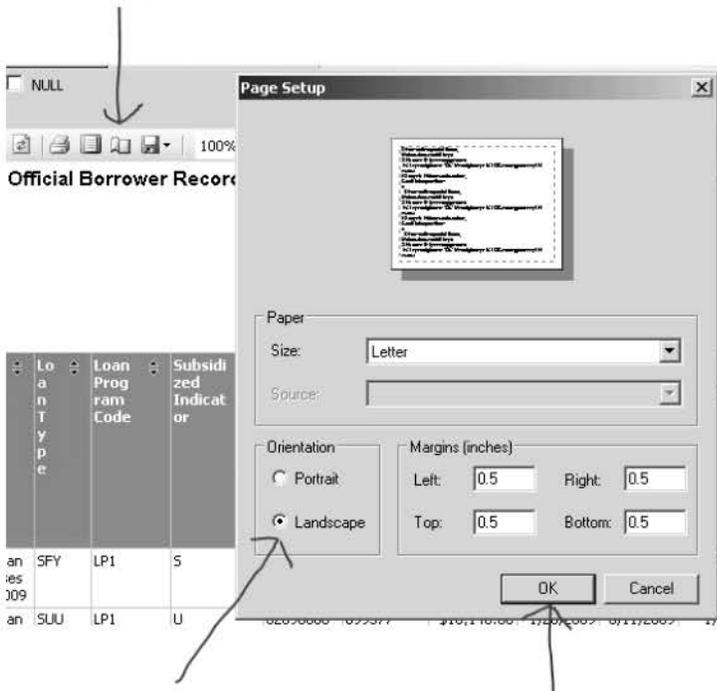
Enter the new SSN into the textbox and click “OK”:



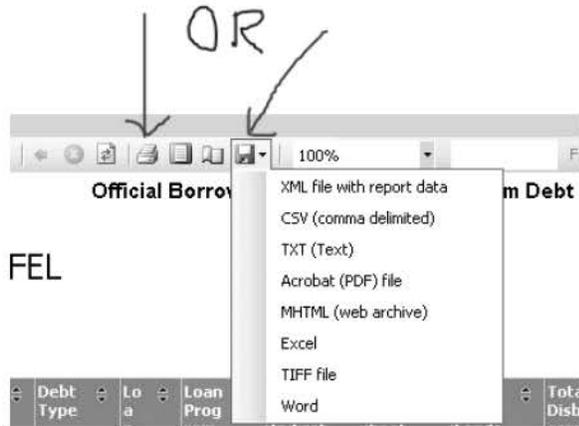
Click "Run Report:"



Choose "Page Setup," and then choose "Landscape" and "OK":



Now choose to either print directly (printer icon), or download to another format (“save” icon)—Word seems to retain the formatting the best (converts report to a Word table):



Enter the next SSN in the textbox at the top of the report (or enter it in the filter again):



To run a different report, again choose the “Open from File” option under the “File” tab. To keep the templates intact, don’t save the changes made to the SSN:

10.0 SUSPENDING AND CEASING COLLECTION

10.1 Suspending collection

The PCA must immediately *suspend* collection on an account under the following circumstances:

Suspend collection if the borrower:	Example:
Bankruptcy	See 17.0 - ACCOUNT RETURNS, ADMINISTRATIVE RESOLUTIONS, AND BANKRUPTCY.
Requests a written review or hearing in response to the 65-Day Notice of Federal Offset or 30-day Administrative Wage Garnishment (AWG) Notice.	Ten days after the AWG notice is sent, the PCA receives a letter from the borrower requesting a hearing because she objects to the validity of the debt.
Files a written or verbal complaint against the PCA.	Includes written/verbal Congressional, U.S. Attorney inquiries and media requests. See 15.0 – COMPLAINTS AGAINST THE PCA.
Disputes the debt.	The borrower says the debt was never incurred, was paid off, or should have been canceled
Raises a legal defense against the debt.	The borrower says the school closed, claims false certification, unpaid refund, or fraud. The borrower does not need to explicitly request a discharge. The PCA must suspend collection if, in the course of conversation with the borrower, or while reviewing written correspondence, the PCA identifies conditions for which the borrower may be eligible for discharge.

If the PCA does not suspend collection activity as required, FSA will recall the account from the PCA and may take other possible adverse actions.

10.1.1 Initial suspension period (60 days)

For all of the above circumstances except defense, the PCAs must suspend collection activity for an initial period of sixty (60) calendar days unless FSA informs the PCA before then that it has reached a decision.

The PCA may NOT attempt any form of collection on a suspended account but they can assist the borrower with any questions regarding a dispute or legal defense they filed only.

Once FSA has made a decision on a borrower dispute, defense or objection, FSA will notify the PCA to resume collection activity or close and return the account.

For discharges follow the instructions in chapter 16.0-ADMINISTRATIVE (SCHOOL-BASED) DISCHARGES

10.1.2 Request return of account

If it has been 75 days since the account has been suspended, FSA does not make a determination to resume collection activity within the initial suspension period (60 days), the PCA may request return of the account via eIMF or follow up with FSA for additional guidance.

10.1.3 Federal Offset and AWG

PCAs must process all requests for written review and/or hearings for federal offset or administrative wage garnishment in accordance with FSA requirements and guidelines.

10.2 Ceasing Collection

The PCA must permanently **cease** collection as soon as the borrower requests in **writing** that the PCA stop all communications with them. All collection activity including letters, phone calls, and contact with the borrower or employer must stop. In accordance with the Fair Debt Collection Practices Act, the PCA shall not communicate further with the borrower with respect to such debt, except to advise the borrower that, collection efforts are being terminated; that involuntary remedies may be invoked; or that a specific involuntary remedy intends to be invoked. We remind PCAs that State or local laws may provide borrowers with additional protections, and that PCAs must comply with all applicable laws.

If the borrower's requests to the PCA is to discontinue phone calls to the borrower's employer or to the borrower's cell or home telephone number, the PCA is not required to cease all collection activity only activity by telephone, they may still send letters.

The PCA must notify FSA via eIMF of the borrower's request to cease collection.

The borrower would need to notify the PCA in writing to remove any previous request for cease collection in order for the PCA to initiate communication.

10.2.1 Final contact

The PCA is allowed one final contact with the borrower when the borrower requests in writing that the PCA stop all communications with them.

10.2.2 AWG or litigation

When a PCA ceases collection activity on an account, the PCA must evaluate the account for Administrative Wage Garnishment or litigation.

If the PCA finds that AWG or litigation is not possible the PCA may request FSA to recall the account via an eIMF to the FSA Atlanta Regional Office. The eIMF must include a copy of the borrower's cease/desist letter.

11.0 DOCUMENTING COLLECTION ACTIVITY

PCAs must document all collection activities on either the PCA’s system or the Debt Management Collection System (DMCS).

PCAs must ensure that all annotations of the PCA and DMCS systems use professional and appropriate language at all times.

11.1 Documenting the PCA’s System

PCAs must document all collection activities in the PCA’s system, including in-coming and out-going calls, complaints, and written correspondence received and delivered.

Account annotations are often critical to resolving litigations and complaints.

PCAs must annotate the borrowers account with *clear* and *accurate* summaries of the conversations that occurred along with any conclusions or agreements made during the conversations such as a payment agreement or complaint.

PCAs may use industry standard abbreviations.

11.2 Documenting DMCS

PCAs must document in DMCS:

- changes to the borrower’s contact information; and
- specific activities related to eIMFs, Administrative Wage Garnishment, compromises, rehabilitation, and consolidation.

11.2.1 Identity and contact information change requirements

If this changes:	PCA must:
Name (Last or First) changes, misspelled, etc...	Name Changes: Obtain at least one form of legal identification (copy of a valid state driver’s license, state-issued identification card, passport, marriage or birth certificate, or court documents of name change) showing the borrower’s name and another identifying matching item (dob, address, SSN); submit this to FSA via eIMF. If the documentation does not have another matching identifying item, a second form of legal identification would be required
Date of Birth (DOB)	DOB Changes: Obtain a copy of a valid state driver’s license, state-issued identification card, passport, birth certificate, or alien registration card or court document ordering the name change.
Social Security Number (SSN)	SSN changes: Obtain at least two forms of legal identification such as a copy of the driver’s license, passport, social security card, or federal ID showing the borrower’s SSN,
Address and phone number	Check DMCS and if the address or phone number is different, evaluate which is most current and accurate.

	<p>Ensure both the PCA and DMCS systems have the most current, accurate address and phone number.</p> <p>If a PCA receives a "new" address from FSA in their address extract file but determines that the address on the PCA's system is the correct address, update the DMCS address back to the PCA "Valid" address.</p> <p>If the PCA contacts the borrower at an address other than the last address known to FSA and the first demand was returned, the PCA must reissue its first demand letter to the borrower at the new address.</p> <p>Upon receipt of evidence that a borrower's current address or phone number of record is not valid, change the address status field on DMCS to "Invalid."</p>
Employer Information	<p>To the extent practicable, the PCA must update employer demographic information such as the name, address and phone number in the employment section for borrower contacts in DMCS</p>

11.2.2 How to update demographic information

To update borrowers address, telephone number and employer demographic information on DMCS, click "Edit" on the DMCS system CSR Desktop, and edit the fields in the Borrower Information window:

PCAs must document and annotate DMCS for updates to borrower demographic information in accordance with the corresponding sections of this Procedures Manual and the DMCS Private Collection Manual.

11.2.3 Notice Request window

PCAs must ensure that the Notice Request window of the borrower's DMCS account accurately reflects the letters sent on an account, along with the undeliverable code if the letter is returned as undeliverable.

12.0 WRITTEN CORRESPONDENCE

This section describes the requirements for PCA's handling of most types of written correspondence (paper mail, e-mail, and faxed correspondence). However, this chapter does not cover complaints against the PCA. See 15.0 - COMPLAINTS AGAINST THE PCA.

PCAs must be able to electronically store and, upon request by FSA, produce viable copies of all incoming written correspondence (paper mail, e-mail, and faxed correspondence) and responses from the PCA. Upon request by FSA, PCAs must send secured electronic files of imaged documents.

If the PCA has received paper correspondence where the original document is required for the completion of a program (e.g., misdirected payments, Loan Verification Certificates, and loan consolidation applications), the PCA must store it in a central repository that is secured under lock and key and accessible from the PCA administrative office or other central location. Once the PCA forwards the paper correspondence to the required entity, the PCA must retain an electronic image (see 12.1 – Intake, below).

12.1 Intake

PCAs must ensure that correspondence received by paper mail includes evidence of the receipt date, such as a post-marked envelope or manual date stamp applied by the PCA:

- PCAs must manually date-stamp all incoming paper correspondence on the actual document (i.e., not the envelope).
- If the correspondence is a misdirected payment, the PCA must date-stamp the cover letter.
- If it is not appropriate to date-stamp original correspondence, the PCA must date-stamp a copy. (e.g. the PCA must date-stamp a personal check received as a misdirected payment)

PCAs must image incoming correspondence within 24 hours of receipt.

12.2 Responding to Correspondence

Within ten (10) business days of receipt, the PCA must research and respond to the borrower or representative to address any of the following requests:

- contact information changes (address, employer and phone number)
- requests for promissory note copies
- requests for payment histories
- requests for payment arrangements

- letters expressing the borrower's inability to pay

12.2.1 Contact information changes

When the borrower's address, employer or phone number changes, the PCA must update the PCA's system and DMCS. For updating DMCS, see instructions in chapter 11.0- Documenting Collection Activity, section 11.2.2 "How to update demographic information".

12.2.2 Promissory note copies

The PCA must send the borrower, representative, or other appropriate party, copies of the requested promissory note(s) within ten (10) business days of the receipt date of the request.

To obtain a copy of the Promissory Note, follow the instructions in 18.0 – LOCATING PROMISSORY NOTES.

12.2.3 Payment histories

PCAs must send the borrower a copy of the payment history on the account within ten (10) business days of the receipt date of the request.

12.2.4 Payment arrangements

PCAs must contact the borrower to arrange payments within ten (10) business days of the receipt date of the request.

12.2.5 Documenting the correspondence

The PCA must document on its system all applicable information related to the correspondence, including any actions taken.

12.2.6 Interim response

If a final response is not possible or cannot be completed within 10 days due to external constraints, the PCA must send an interim response indicating a reason for delay and that a final response is forthcoming.

12.3 Subpoena's

The PCA must forward any subpoenas received to the following email address: FSASubpoena@ed.gov. It will be reviewed and decided to either approve the release of information or provide a response for why the information cannot be released.

12.4 Correspondence Referred to the Default Resolution Group for Response

The PCA must refer the following to the Default Resolution Group, so the Default Resolution Group can respond to the borrower:

- requests for paid in full (PIF) letter
- requests for settled in full (SIF) letter (for compromises)

- requests for Title IV reinstatement letter
- disputes and completed administrative discharge applications
- misrouted correspondence
- Name, social security number and date of birth changes
- written requests for AWG and TOP hearings
- written congressional inquiries

12.4.1 Paid in full (PIF) letter.

The PCA must refer requests for PIF letters to the Default Resolution Group, via eIMF, only if the account has a balance of principal and interest that is below \$25.

12.4.2 Settled in full (SIF) letter (for compromises).

The PCA must refer requests for SIF letters to the Default Resolution Group, via eIMF, only if the borrower has satisfied the terms of a compromise agreement.

12.4.3 Title IV reinstatement letter.

The PCA must refer requests for a Title IV reinstatement letter to the Default Resolution Group, via eIMF, only if the borrower meets the qualifications for Title IV reinstatement:

<input checked="" type="checkbox"/>	<p>The borrower either:</p> <ul style="list-style-type: none"> • made six consecutive on-time (within 20 days of the due date), voluntary (MC, Visa, LxbVol) full monthly payments under and agreed-upon payment arrangement ; or • only owes a grant overpayment debt and the borrower has established a repayment agreement including a compromise agreement or promise to pay in full.
<input checked="" type="checkbox"/>	<p>The borrower has not previously been reinstated for Title IV eligibility and subsequently missed payments after receiving new Title IV aid.</p> <p style="background-color: #e0e0e0;">A borrower may only have Title IV eligibility reinstated once and must continue to make on-time payments every month to maintain Title IV eligibility.</p>
<input checked="" type="checkbox"/>	<p>The account is in repayment, not paid in full or compromised. The account is either:</p> <ul style="list-style-type: none"> • on the Payment Schedule screen; or • a due date and amount is clearly annotated in the Historical Events window. <p style="background-color: #e0e0e0;">PIF and SIF letters also contain language advising of renewed TIV eligibility so the reinstatement letter should only be sent to borrowers currently in repayment.</p>

ABOUT REINSTATEMENT OF TITLE IV ELIGIBILITY

A. Federal Student Loan Programs - A borrower who is in default on a loan held or insured by FSA is ineligible to qualify for additional Title IV student assistance due to the default status. The borrower may regain eligibility by entering into an agreed-upon payment arrangement and making six consecutive, monthly, full, voluntary on-time payments. "On-time" is defined as being received at the lockbox within 20 days of the established due date.

If a borrower contacts the PCA in regards to Title IV reinstatement at the time of their 6th payment, and that payment is made with an approved credit/debit card, the PCA must immediately annotate DMCS. If DRG attempts to review the account for the borrower to receive reinstatement of Title IV eligibility as fast possible, FSA will see that the sixth payment was approved.

Borrowers may have defaulted loans held not only by FSA, but by guaranty agencies and schools. If this is the case and a borrower enters into a repayment agreement and make on-time payments with FSA, the borrower may still not be eligible for Title IV aid, unless the borrower has also made and fulfilled similar agreements with the other defaulted loan holders. .

Requests for Title IV reinstatement letters should be submitted to the Default Resolution Group via eIMF.

B. Grant Overpayments - Students whose only outstanding debt is an eligible program overpayment (POVR) 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. POVRs disbursed prior to this date follow the same reinstatement rules as loans.

C. Other Conditions - **A borrower may only reinstate his/her or her eligibility one time.** A borrower is only considered to have "used" the one-time opportunity for regaining eligibility if he/she actually receives new Title IV aid. In order to maintain Title IV eligibility once restored, the borrower must continue to make the appropriate payments under the agreed upon payment arrangement. The borrower should be warned that if he/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 change), the borrower will lose Title IV eligibility.

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

12.4.4 Disputes and Discharge Applications

If the PCA receives either a written dispute about the debts balance or enforceability or a completed discharge application from the borrower, or the PCA encounters a discharge application in correspondence that has not been worked, the PCA must forward the discharge application and supporting documents to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway

Greenville, TX 75402

***Should not contain payments

The PCA must follow the instructions for the type of dispute or discharge application received as outlined in chapters 10.0-SUSPENDING AND CEASING COLLECTION and 16.0-ADMINISTRATIVE (SCHOOL-BASED) DISCHARGES.

12.4.5 Misrouted Correspondence

If the correspondence is in regard to an account that is not currently assigned to the PCA, the PCA must forward the misrouted correspondence for rerouting to the correct PCA to:

U.S. Department of Education

ATTN: Workflow

6201 Interstate 30 Highway

Greenville, TX 75402

***Should not contain payments

12.4.6 Name changes, social security number and date of birth changes

If the PCA receives documentation for a name, social security number or date of birth change, see chapter 11.0- Documenting Collection activity, section 11.2.1, "Identity and contact information change requirements for acceptable documentation. The PCA must forward the documentation to:

U.S. Department of Education

ATTN: Workflow

6201 Interstate 30 Highway

Greenville, TX 75402

***Should not contain payments

12.4.7 Written requests for AWG and TOP hearings

(See the corresponding sections of this manual.)

12.4.8 Written Congressional inquiries

Within 24 hours of receipt, PCAs must send written inquiries from a U.S Congressional Office (senators and representatives) or the White House, via overnight package, to:

U.S. Department of Education

ATTN: Workflow

6201 Interstate 30 Highway

Greenville, TX 75402

***Should not contain payments

PCAs must send each Congressional inquiry submission separately in its own single overnight package with a cover letter/sheet indicating possible Congressional documentation.

12.5 Mailing Original Hard Copies to the Default Resolution Group

For all correspondence that is referred to the Default Resolution Group for response, the PCA must mail all the original hard copy correspondence to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402
***Should not contain payments

The PCA must ensure that the borrower's DMCS account number (TI#) appears on each correspondence.

The PCA must also circle the borrower's SSN or Debt ID on the front page of the correspondence. If the borrower's SSN or Debt ID doesn't appear on the front page, the PCA must hand-write the SSN or Debt ID, so that it is legible, in the upper right-hand corner of the first page.

12.5.1 Sending multiple correspondence packages

For single shipments with multiple correspondence packages, the PCA must include a manifest that lists each borrower's name and account number (see appendices).

The PCA must ensure that the borrower's DMCS account number appears only on correspondence associated with that account and DOES NOT appear on other borrower's correspondence.

12.5.2 Sending multiple workflow types in the same package

PCAs must bundle documents by workflow type (e.g. rehabilitation and AWG hearings request bundles in the same package), and ensure each bundle is accompanied by a manifest indicating the workflow type and DMCS account numbers included in that bundle.

12.5.3 Including archive only documents

PCAs may include documents for archive only in the same shipment with documents for workflow, as long as the archive and workflow documents are bundled separately and each bundle has a manifest.

12.5.4 Incarceration documents

PCA's must refer incarceration documents as workflow correspondence.

12.6 Monitoring Default Resolution Group responses

For correspondence sent to the Default Resolution Group, PCAs must monitor DMCS for notation.

In addition, PCAs may view copies of response letters in the borrower's DMCS image file. PCAs must not contact the Default Resolution Group; instead, agencies should contact the FSA Atlanta Regional Office with any questions or concerns.

Responses may take up to 3 weeks for resolution.

12.7 Referring Correspondence to FSA Atlanta Regional Office

The PCA must refer the following to the FSA Atlanta Regional Office, via eIMF, so FSA can respond to the borrower:

- complaints

- requests for discretionary compromises
- appropriate name changes
- dob changes/additions
- SSN changes
- payment issues
- cease and desist demands

The PCA must include the following appropriate evidence for changes to name or date of birth: driver’s license, passport, marriage or birth certificate, or court document ordering the name change.

The PCA must adhere to the requirements described in other sections of this manual and the DMCS Private Collection Manual when referring correspondence to FSA Atlanta Regional Office for the reasons described above.

12.8 Referring Sensitive Inquiries

PCAs must refer sensitive inquiries to the appropriate FSA office.

Sensitive Inquiry Type	Send original documentation to:
Letters from U.S. Attorneys or the Department of Justice	FSA San Francisco Regional Office (Region 9) U.S. Department of Education Federal Student Aid 50 Beale Street, Room 8601 San Francisco, CA 94105
Litigation (lawsuit) documents referencing account held by FSA.	WITHIN 24 HOURS of RECEIPT FSA San Francisco Regional Office (Region 9) U.S. Department of Education Federal Student Aid 50 Beale Street, Room 8601 San Francisco, CA 94105 The PCA must also submit an eIMF and document the DMCS Historical Events window regarding the litigation documents.
Letters from the media	FSA Atlanta Regional Office (Region 4) U.S. Department of Education Federal Student Aid 61 Forsyth Street, SW, Room 18T30

12.9 Maintaining Written Correspondence Documentation

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

12.10 Correspondence Report

On a monthly basis, the PCA must provide FSA an electronic correspondence report listing all written correspondence received for the previous month. The report is due by the fifteenth (15th) day of the following month (by next business day if the 15th falls on a weekend/holiday) and it should be sent to the CO and the COR(s)

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)

13.0 USE OF CELL PHONES

PCAs must NOT use cell phones (personal or business) to contact borrowers.

14.0 SPECIAL ACCOUNT CONDITIONS

14.1 Incorrect SSN – Working with Third Parties

If a PCA attempts to contact the borrower and instead contacts an unknown third party, the SSN on the account may be incorrect. The PCA must work with the third party to verify that the SSN on the account is incorrect.

First, the PCA must verify that:

- the third party has never lived at the address(es) listed in DMCS as addresses for the borrower
- the third party's DOB is different than the DOB recorded in DMCS
- the third party's SSN is different (compare last four digits of the DMCS SSN)

If the third party SSN matches, but other identifiers, such as name and DOB are different, the PCA must request that the person submit copies of their Social Security card, birth certificate, and driver's license or state ID. If the person is unwilling to send this information to the PCA, the PCA must direct the third party to contact the Default Resolution Group (1-800-621-3115) for assistance. The PCA must document DMCS with the referral.

If the PCA determines that the SSN on the account is incorrect and belongs to the third party, the PCA must remove the third party address from the DMCS Address History window and submit an eIMF to the FSA Atlanta Regional Office requesting that the third party information be removed from DMCS.

The PCA must submit with the eIMF any of the following supportive documentation:

- Copy of a valid state driver's license or state-issued identification card
- Copy of a Social Security card
- Copy of a birth certificate
- Evidence supporting an entry error at the time of assignment based upon the Loan Application/Promissory note information.

Information obtained from the Internet and information on death certificates is not considered documentation supporting SSN corrections.

14.2 Pseudo SSNs

Pseudo Social Security Numbers (SSNs) are numbers assigned to accounts where the first three digits are not in the standard range of "001" through "765." For example, the pseudo SSN may start with "999" or "666." **FSA assigns pseudo SSNs when FSA determines that the SSN on an account is incorrect (typically, it belongs to a third party) and does not know the borrower's accurate SSN.** Pseudo SSNs are also found on some co-maker accounts.

If a PCA locates a borrower with a pseudo SSN assigned to his/her or her account, the PCA must attempt to get the correct SSN from the borrower. The PCA must request the following from the borrower:

- copy of valid state driver's license or other state issued identification showing date of birth (DOB)
- copy of Social Security Card
- copy of Birth Certificate

The PCA must forward this information to the FSA Atlanta Regional Office via eIMF with a request to correct the SSN.

If a borrower refuses to send verification of their correct SSN, the PCA must document its system and DMCS with that information.

The PCA must also request a copy of the promissory note and other documentation related to the borrower to try to determine the correct SSN. If the SSN on the promissory note is different than the SSN on the account, suggesting that the SSN was input incorrectly, the PCA must send an eIMF, along with documentation, to the FSA Atlanta Regional Office for review.

The PCA must not process accounts with pseudo SSNs for rehabilitation, consolidation, or total and permanent disability discharges.

14.3 Federal Employees

The PCA must not submit borrowers who are federal employees ("FED accounts") for Administrative Wage Garnishment (AWG) or litigation. Otherwise, the PCA must treat FED account as they would regular accounts and may process them for consolidation, rehabilitation, and compromise. However, 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 PCA must return the account as "INA."

14.4 Co-Makers

A co-maker is a person who co-signs for another person's student loan. The PCA must pursue collection at the time of placement from both the borrower and the co-maker, including co-makers for joint consolidation loans.

The PCA must identify both co-maker accounts connected to the debt record. The PCA must keep the primary account linked to the co-maker account. When the PCA is assigned the debt for collection, the PCA will receive both accounts. If the PCA wishes to return one account without returning the other account, the PCA must contact FSA for assistance.

In the situation of a co-maker, there are two account records stored in the database and both records are connected to the same debt record. PCAs are required to keep the primary account and co-maker accounts linked. Thus one account cannot be returned to FSA independent of the other account. Because the co-maker and primary accounts are linked to the same debt, both accounts will be assigned to the PCA in the same transfer of accounts.

If the co-maker dies, becomes disabled, or files a bankruptcy adversary and the court determines the loan is discharged, the debt will not be written off. In such a case the co-maker would be released from the debt, but the borrower would still be obligated to pay. The debt should only be written off if the borrower dies, becomes disabled or files bankruptcy adversary and the court determines the loan is discharged. If the PCA has information concerning an administrative resolution to a co-maker account, documentation should be submitted to the FSA Atlanta Regional Office via an eIMF.

15.0 COMPLAINTS AGAINST THE PCA

This chapter defines a complaint against a PCA and details how the PCA must respond to a complaint. It also describes the requirements for Special Assistance Units each PCA must provide to borrowers who have been otherwise unsuccessful in resolving an issue.

15.1 What is a “complaint against the PCA?”

A “complaint against the PCA” is *any allegation or evidence* that the PCA:

- failed to adhere to the standards of conduct described below;
- engaged in any of the examples of prohibited activities described below;
- violated applicable laws such as the Fair Debt Collection Practices Act or the Unfair, Deceptive or Abusive Acts as defined by the Dodd-Frank Act of 2010.

The PCA must investigate whether or not there is a complaint against the PCA when a borrower or third party:

- explicitly states that there is a complaint being lodged against the PCA;
- requests a manager;
- requests special handling; or
- requests another form of escalation.

Description of a Third Party is anyone who is not the borrower and filed a complaint against the PCA:

- Employer/Co-worker
- Spouse/Relative
- Neighbor
- Individual with same name, different SSN
- Etc.....

However, the PCA must NOT require any of the above actions as a threshold for identifying complaints; the PCA must identify complaints against the PCA, *regardless* of whether or not a borrower or third party explicitly stated there was a complaint, or otherwise requested escalation.

15.2 Standards of Conduct

PCAs MUST ensure all collection attempts are fair and reasonable.

PCAs must NOT:

- harass or intimidate;
- make false or misleading representations;
- provide incomplete or inaccurate information about program requirements or collection agency practices;
- discuss the existence of the debt with persons other than the borrower without verbal/written authorization from borrower, unless otherwise permitted by the Fair Debt Collection Practices Act; or
- provide information to third parties without prior written authorization from the borrower, unless otherwise permitted by the Fair Debt Collection Practices Act.

PCAs MUST behave in a professional manner.

If a PCA breaks the standards of conduct, FSA will determine penalties and disciplinary actions. The PCA could lose current accounts, future accounts, and its contract with FSA. FSA may request removal of the individual collector from the FSA contract

15.2.1 Examples of unfair and unreasonable collection attempts

- DON'T make an electronic debit or other automated payment without the borrower's authorization; or
- DON'T set up a borrower on loan rehabilitation when the PCA has reason to believe that he/she may qualify for administrative discharge on the basis of total and permanent disability, unless that borrower expressly requests to rehabilitate the loan instead of applying for discharge, or has not been responsive in submitting a discharge application; or
- DON'T set up borrowers for the loan rehabilitation program who have a "dNoRehab" tag in DMCS or borrowers who have only Pell Grant Overpayments.

15.2.2 Example of harassment or intimidation:

- DON'T tell a borrower that he /she can be criminally prosecuted because he/she will not pay this debt.

15.2.3 Examples of false or misleading representations

- DON'T tell a borrower they are not certified for Treasury offset when they are; and
- DON'T tell a borrower they qualify for Title IV aid or other benefits such as loan deferment or forbearance, unless the PCA verifies eligibility;

15.2.4 Examples of incomplete or inaccurate information about program requirements or collection agency practices

- DON'T tell a borrower that he or she cannot enter the rehabilitation program without making a down payment;
- DON'T tell a borrower that electronic or other automated payments are required;
- DON'T tell a borrower that a payment amount or due date cannot be negotiated, notwithstanding other procedures that may dictate payment amounts or dates such as a compromise pay-off;
- DON'T tell a borrower their taxes will not be offset if they enter into a repayment agreement or a rehabilitation loan program if the 65-day notice has expired;
- DON'T tell a borrower they will be automatically garnished if the borrower fails to make his/her required payments under the loan rehabilitation program;
- DON'T tell a borrower they can set their own payments after loan rehabilitation;
- DON'T tell a borrower FSA requires something when it is actually the PCA's practice.

15.2.5 Examples of unnecessary communication about the debt

- DON'T disclose loan information to a third party without verbal/written authorization from borrower; or

- DON'T contact a borrower's employer after being told not to do so, unless the contact is with the payroll department or to verify employment for AWG purposes.

15.2.6 Examples of unprofessional behavior

In addition to the items above, the PCA must report any time a PCA employee acts in an unprofessional manner regardless of whether or not the borrower has brought up the issue as a complaint.

Unprofessional behavior includes, but is not limited to:

- being unresponsive to borrower needs or questions; or
- being rude or argumentative with a borrower.

If unprofessional behavior is identified along with another type of complaint, the PCA should not submit a separate eIMF for this but should instead include it in with the other complaint and send the telephone waive via email with the rest of the documents

If the unprofessional behavior is stand alone and not accompanied with any other type of complaint, the PCA should complete a PCA Complaint form and submit it through the eIMF complaint process as a "verbal" complaint with supporting documentation. Do not send an email notification to FSA Atlanta.

15.3 Reporting Complaints

PCAs MUST report as a complaint against the PCA *any allegation* (accusation or charge against PCA/rep for giving, but, not limited to inaccurate information, rudeness, etc.) *or evidence* (recorded conversation of rep being rude, or, letter/notepad of an FDCPA violation, etc) that the PCA:

- failed to adhere to the standards of conduct described above;
- engaged in any examples of prohibited activities;
- violated applicable laws such as the Fair Debt Collection Practices Act or the Unfair, Deceptive or Abusive Acts as defined by the Dodd-Frank Act of 2010

The PCA is not required to report complaints unrelated to actions by the PCA, such as complaints about:

- wages being garnished or federal or state payments offset
- the quality of education received by the borrower
- experiences the borrower has had with previous collection agencies

These comments should not be construed as complaints against the PCA.

The PCA must report complaints against the PCA, regardless of whether or not the borrower specifically indicates there is a complaint and regardless of whether or not the borrower asks to be referred to a manager, special handling unit, or other party for resolution.

15.4 Receiving Complaints

The PCA must have an accessible complaint system for borrowers in place and must ensure that the borrowers are able to submit complaints via email, PCA website, fax, telephone, or regular mail.

15.5 Responding to Complaints

The PCA must respond to complaints against the PCA according to the requirements described here.

The PCA must designate at least two employees for receiving and managing complaints.

If requested by FSA, PCA must supply copies of any additional applicable recorded conversations (beyond what the PCA initially submitted with the complaint.)

While suspending collection activity after identifying a complaint, the PCA must not send collection letters, or call the borrower to negotiate repayment. However, a PCA must still provide customer service to the borrower who has submitted a complaint.

If the PCA fails to suspend collection activity on the account upon receipt of a complaint, FSA will recall the account from the PCA.

If the complaint was from the Better Business Bureau (BBB) or Consumer Financial Protection Bureau (CFPB), PCAs must send a response to CFPB and BBB within their established timeframe and provide FSA with copy of response.

If the PCA's attorney provides a response to the borrower or borrower's attorney, the PCA must provide a copy of the response to FSA.

If a borrower has an attorney, the PCA must not send a response directly to borrower.

15.5.1 Written complaints forwarded by FSA

When FSA receives a written complaint against the PCA from a borrower, BBB, or attorney, and forwards a copy of it to the PCA, the PCA must:

- suspend all collection activity on the account (except AWG accounts);
- send confirmation of complaint received with PCA Complaint Form to FSA via eIMF;
- draft a response addressing all of the issues in the complaint, along with collector notes and phone recordings if available; and
- within five (5) business days of receipt of the complaint from FSA, submit only the draft response and PCA Complaint form in an editable file via eIMF to the FSA Atlanta Regional Office loan analyst assigned the complaint.

FSA will send a response to the borrower or complainant.

If a violation or complaint is uncovered as a result of an FSA Phone Review Audit:

- Under the review process, this issue will be identified to the PCA as an "Observation" instead of Error
- The complaint will be submitted by PCA via the eIMF complaint process
- PCA will identify the eIMF # on the FSABusOps Excel Spreadsheet
- Any corrective action will be placed on 2nd page of the finalized updated PCA Complaint Form

15.5.2 Written complaints identified by the PCA

When the PCA identifies a written complaint against the PCA from a borrower, BBB, CFPB, or attorney, the PCA must:

- suspend collection activity on the account (except AWG accounts);
- forward a copy of the complaint to the FSA Atlanta Regional Office within *one (1) business day* via eIMF;
- include a completed PCA Complaint Form with the eIMF copy;
- draft a response addressing all of the issues in the complaint, along with collector notes and phone recordings if available. Do not include the collectors name in the response letter to the borrower regardless if the complaint is valid or invalid;
- *within five (5) business days* of receipt of the complaint, submit the draft response in an editable file via eIMF to the FSA Atlanta Regional Office or if the file is too large to attach to eIMF, forward it via email or CD to the FSA loan analyst assigned the complaint;
- revise the draft response with additional information or other changes determined by FSA;
- monitor for FSA approval of the response via eIMF, which should be within *five (5) business days from date submitted to FSA*. *If there is no approval from that time, contact the POC indicated in chapter 22.0-Contacts.*
- within 2 business days of FSA's approval, mail the response to the borrower; and
- forward a copy of the response to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402
***Should not contain payments

15.5.3 Verbal complaints identified by the PCA

When the PCA identifies a complaint against the PCA that arose in phone conversation or other verbal exchange, the PCA must:

- suspend collection activity on the account;
- report the complaint to the FSA Atlanta Regional Office within *one (1) business day* via eIMF;
- include a completed PCA Complaint Form with the eIMF report;
- if the PCA attempted to resolve the complaint over the phone, *within five (5) business days* forward the taped conversation that includes the complaint and any additional recordings or other material with evidence of the PCA's resolution of the complaint;
- if the PCA did not attempt to resolve the complaint over the phone, *within five (5) business days* of identifying the complaint:
 - draft a response addressing all of the issues in the complaint, along with collector notes and phone recordings if available . Do not include the collectors name in the response letter to the borrower regardless if the complaint is valid or invalid. If the complaint was from made by a 3rd party and the PCA does not have an address for the 3rd party, a response would not be required to the individual;;
 - in the collector notes, highlight key conversations, phone attempts, and correspondence and spell out key codes, phrases and/or collector IDs

- submit the draft response in an editable file via eIMF to the FSA Atlanta Regional Office or directly to the FSA loan analyst assigned the complaint, if the file is too large to attach to eIMF;
- revise the draft response with additional information or other changes determined by FSA;
- monitor for FSA approval of the response via eIMF, notation in DMCS on the account, or via email from FSA to the PCA, which should be within five (5) business days from date submitted to FSA. If there is no approval from that time, contact the POC indicated in chapter 22.0-Contacts.
- within 2 business days of FSA's approval, mail the response to the borrower; and
- forward a copy of the response to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402
***Should not contain payments

If the borrower complains that the PCA representative was rude, the PCA must report this complaint as unprofessional behavior and provide the taped conversation for review by FSA.

15.5.4 "Web Complaints" received by the PCA

If the PCA receive a "Web Complaint" (complaint submitted to FSA through the MYEDDebt webpage) and complaint information is not shown in DMCS, the PCA must notify FSA. (See 23.0 – CONTACTS for FSA contact information.)

15.5.5 "Threat of a lawsuit"

If the threat of a lawsuit has an actual complaint pertaining to the way the PCA or FSA has handled an account or borrower, PCA will treat as a complaint and submit via eIMF under "Lawsuit Notification". However, if the threat of a lawsuit is a veiled threat with no actual complaint; then, it is not a complaint and does not need to be reported or submitted to FSA.

15.5.6 PCA Complaint Form

The PCA must include the following information on the PCA Complaint Form (copy can be found in the Appendix at the end of this chapter.)

- PCA name & number
- date complaint received
- date of response
- type of complaint
- name, phone number & email address of person responding to complaint
- borrower's name & DMCS account ID
- borrower's phone number (if not yet updated in DMCS Borrower Info section)
- name of PCA employee(s) responsible for generating a complaint
- how the complaint was received

- who issued the complaint (The issue source box “Attorney” should be used for Attorney General and Licensing Authority.)
- a listing of all borrower complaint issues
- complaint response summary that addresses all of the borrower’s questions & concerns
- PCA resolution/preventive measures
- Recommendation for resolution(page2):
 - Referred/Completed by (Print Name): would be any manager or supervisor name that has the authority for recommending some form of reprimand or request for a reprimand needed to be referred to another manager, the name of that person.
 - Signature: would be signed by the person who recommended the reprimand or referred it to another manager
 - Referred to: would be signed by the person who was referred by the original manager
 - If no referral is necessary then this should be left blank
- collector/rep comments, if applicable(page 2):
 - Collector/Rep Signature; Manager Signature; Witness signature (if necessary) are self-explanatory and would be the individuals present at the time of review of the PCA outcome of the complaint

Do not submit page 2, if the complaint is invalid

15.5.7 Evidence submitted with the PCA Complaint Form

The PCA must submit the taped conversation that captures the basis of the complaint against the PCA, which might include:

- failure to adhere to the standards of conduct described above;
- engaging in any examples of prohibited activities; or
- violation of applicable laws such as the Fair Debt Collection Practices Act or the Unfair, Deceptive or Abusive Acts as defined by the Dodd-Frank Act of 2010

When an attachment is too large to send to the FSA loan analyst via email, the PCA must send the FSA loan analyst a complaint CD labeled with the Borrower ID#, eIMF #, and PCA name (date optional). If submitting more than one tape, the PCA must identify which tape contains the rude behavior or any other important information.

15.5.8 Requesting extensions

If additional time is needed to respond to a complaint, the PCA must submit a written request (via eIMF or e-mail) to FSA to explain the reason for the extension, and set a draft response deadline. If submitting the request for an extension via eIMF, include in the “Comments” section the reason for the extension and deadline for the draft response.

15.5.9 Multiple complaints

If the borrower submits multiple complaints pertaining to the same issue, the PCA is not required to keep responding. The PCA must submit an eIMF and identify the original completed eIMF number in the PCA comment section and attach the original response.

If there are multiple complaints on a single recording whether reported by the borrower or discovered by the PCA, they should be reported on a single PCA Complaint form. Do not report them separately.

15.5.10 If the PCA believes there has not been a complaint

If the PCA believes there has not been a complaint, based on review of the recorded conversations, the PCA must submit a completed PCA Complaint Form via eIMF, including all relevant recordings, so that FSA may confirm that there is no complaint.

The PCA must not use this method if the borrower clearly expresses a complaint, even if the PCA believes the complaint is not valid.

15.5.11 Resuming collection

The PCA must not resume collection activity until FSA approves the response and resolution. FSA will provide approval via eIMF, from FSA to the PCA.

15.5.12 PCA complaint DON'Ts

The PCA must not automatically submit a complaint every time a borrower asks to speak to a manager or special handling unit. To identify a complaint against the PCA, the PCA must determine whether there is *any allegation or evidence* that the PCA:

- failed to adhere to the standards of conduct described above;
- engaged in any examples of prohibited activities; or
- violated applicable laws such as the Fair Debt Collection Practices Act or the Unfair, Deceptive or Abusive Acts as defined by the Dodd-Frank Act of 2010.

The PCA must not submit complaints that are not related to an FSA account serviced by the PCA, such as

- a BBB or CFPB complaint that does not involve an FSA account;
- a complaint on an account held by a guarantee agency; or
- a complaint about another contractor, another PCA, Treasury offset, wages garnished, collection costs that were not assessed by the PCA, the quality of the education received or anything outside of the PCA's control.

The PCA must not submit complaints forwarded by the Default Resolution Group as verbal complaints.

The PCA must not submit the PCA Complaint Form with borrower's SSN – use the DMCS account number.

The PCA must not send the PCA Complaint Form or response as a PDF – FSA needs an editable copy.

The PCA must not put a representative's or manager's name on the PCA Complaint Form "as being responsible for the complaint" unless that the complaint is being lodged against him/her.

15.5.13 Special Assistance Unit (SAU)

PCAs are required to provide a designated contact number for a "Special Assistance Unit" (SAU) available to borrowers who have been unsuccessful in obtaining agency assistance to resolve their

account. The SAU referral process reinforces the borrower's responsibilities while simultaneously providing the borrower an avenue to reach a mutual agreement with the PCA and ED.

All Special Assistant Unit numbers (along with any specific names, if applicable) should be forwarded to the Contracting Office's Representative (COR) for dissemination.

Experienced individuals with superb customer service skills – often managers, should staff the Special Assistance Unit.

Referrals

When ED's Customer Service Center receives calls where the borrower (caller) complains that FSA's contracted Private Collection Agency (PCA) is making unreasonable demands, the Call Center will:

- Have the operator follow a modified talk-off script
 - "When your loan went into default it became due in full immediately. Therefore, the Department of Education requires its collection agencies to demand the largest amount that you can afford (or payment in full). If you cannot afford what they are demanding, the collection agency will work with you to negotiate an affordable payment arrangement, but they will need you to provide proof of your financial situation. They may require you to provide copies of your pay stubs, bank statements and bills. They may also require you to provide proof that you have tried to get a loan and have been denied.

I'm going to give you the number for a special contact person at the collection agency who is specially trained to help borrowers like yourself. You can ask this person what information you must provide them to prove what you can afford to pay."

- Code the call in a special way ○ Once the operator gives the talk-off and refers the borrower to the special PCA contact, the operator should annotate the L102 notepad screen as follows:

*****REFERRED TO PCA SPECIAL ASSISTANCE UNIT**

- Keep a log of the calls handled under this new procedure.
 - The log will contain the borrower's account number, the location code of the PCA ("AG" number), and the date and time of the referral.
 - The Call Center will be able to provide the complete log, in electronic format (e.g., Excel), to FSA upon request within a few hours of the request.

Borrower Calls to PCA Special Assistant Unit

When a PCA receives a call from a borrower on their Special Assistant Unit hotline that has been referred by ED's Customer Call Center, the PCA must attempt to work with the debtor and explore all viable options. If the borrower simply refuses to work with the PCA or if after extensive discussions the borrower is unwilling to try and work out any possible resolutions, the *PCA must place a notation on the*

L102 outlining the attempts and options used to try and work with the borrower. This notation will help the Call Center determine if the PCA has actively tried to work with the borrower.

Please note: If the borrower calls back after having been referred according to the procedures outlined above, and the borrower complains that the PCA's special assistant unit is still being unreasonable (and there is no solid indication that the PCA attempted to work with the borrower), the Call Center will *log the call as a complaint*. The complaint reason will be listed as "Special Assistance Unit still unreasonable." However, the Call Center will still advise the borrower to continue negotiating with the PCA until ED has a chance to investigate the matter.

15.0 – Appendix A – PCA Complaint Form

PCA Complaint Form

Agency#: _____ Date of Complaint: _____

Complaint: **Written** **Verbal** Date of Response: _____

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

Borrower's Name: _____ Borrower's DMCS #: _____

Borrower's Phone # (if not YET updated in system): _____

PCA employee(s) names OR responsible for complaint: _____

Received By:

Issue Source:

- | | |
|---|--|
| <input type="checkbox"/> PCA addressed to the PCA | <input type="checkbox"/> Borrower |
| <input type="checkbox"/> PCA addressed to ED | <input type="checkbox"/> 3 rd Party |
| <input type="checkbox"/> ED addressed to ED | <input type="checkbox"/> CFPB |
| <input type="checkbox"/> Default Resolution Group Complaint | <input type="checkbox"/> BBB |
| | <input type="checkbox"/> Attorney |
| | <input type="checkbox"/> Congressional Office |
| | <input type="checkbox"/> Vangent |
| | <input type="checkbox"/> Website |

List Borrowers Complaint Issues:

PCA Response:

PCA Resolution/Preventive Measures:

Cont'd – PCA Complaint Form

PCA Resolution/Preventive Measures: (Select one or more)

- Violation of Federal/State Law Violation of Company Policy Violation of ED SOW

Explanation:

Recommendation:

- Verbal Warning Written Warning Final Warning Suspension Termination

Referred/Completed by (Print Name):

Signature: _____ Date _____

Referred to: _____ Date _____

****This section to be completed by referral recipient and Collector/Representative****

Call Reviewed with Collector/Rep: Yes No Collector/Rep Requests Copy: Yes No

Collector/Rep Comments:

Collector/Rep Signature _____ Date _____

Manager Signature _____ Date _____

Witness Signature _____ Date _____

***** If collector/representative is not present to sign 2nd page of PCA Complaint Form, submit form with explanation why individual was unable to sign; and, give date FSA Loan Analyst can expect to receive signed form*****

16.0 ADMINISTRATIVE (SCHOOL-BASED) DISCHARGES

This chapter discusses the PCA's responsibilities regarding school-based loan discharges and describes the criteria for school-based discharges. School-based discharges include discharges for:

- School Closure
- False Certification (Ability to Benefit)
- False Certification (Disqualifying Status)
- False Certification (Unauthorized Signature/Payment)
- Unpaid Refund
- Service Cancellations
- Borrower Defense Claims

16.1 PCA handling for school-based discharges

If the PCA discovers, in the course of conversation with the borrower or during review of written correspondence, that the borrower may be eligible for a school-based discharge, because of actions taken or regulations violated by the school, the PCA must:

- refer the borrower to www.myeddebt.ed.gov, where the discharge applications are available as "fillable" forms; or
- refer the borrower to the Default Resolution Group (1-800-621-3115) to request a discharge application be mailed to them; or
- the PCA may mail the discharge application to the borrower.

If the PCA receives a completed discharge application from the borrower, or the PCA encounters a discharge application in correspondence that has not been worked, the PCA must:

- forward the discharge application and supporting documents to:

U.S. Department of Education
ATTN: Workflow
6201 Interstate 30 Highway
Greenville, TX 75402

***Should not contain payments

- The PCA must annotate the account on the PCA's system regarding the receipt of the discharge application
- monitor the account for the outcome of the discharge application.
- Suspend collection and the PCAs must not initiate AWG on the account, but any on-going repayment, garnishment, or offset may continue.

Once a discharge application is received, DRG will place the tag "bPCASusp" on the account and they have 10 business days (2 weeks) to recommend discharge or denial to FSA. FSA will typically review and make a final determination within 10 business days (2 weeks) of that.

If the "bPCASusp" tag is removed from the account the PCA can resume collections.

The entire process should be completed within 45 days of the receipt of the discharge application.

16.2 School Closure

The borrower may be eligible for a school-based discharge due to school closure when:

- a borrower indicates that the school he/she attended with the loan closed either (1) while the borrower was attending; OR (2) not more than 120 days after the borrower's withdrawal; AND
- the loan was made on or after January 1, 1986.

If the loan was made prior to January 1, 1986, the PCA must refer the borrower to www.myeddebt.ed.gov for the Unpaid Refund discharge application, or send the discharge application to the borrower, because the borrower could be eligible for pro-rata relief.

16.3 False Certification (Ability to Benefit)

The borrower may be eligible for a school-based discharge due to false certification of ability to benefit when:

- a borrower indicates that he/she did not have a high school diploma or GED when he/she attended the school for which the loan was borrowed;
- a diploma or GED was required for that program of study;
- the school did not test the student for his/her ability to benefit from the course of study; and
- the loan was made on or after January 1, 1986.

Neither Perkins nor FFEL loans made prior to January 1, 1986 are eligible for discharge due to false certification of ability to benefit.

16.4 False Certification (Disqualifying Status)

The borrower may be eligible for a school-based discharge due to false certification due to a disqualifying status when:

- a borrower indicates that he/she did not meet his/her 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; and
- the loan was made on or after January 1, 1986.

Neither Perkins nor FFEL loans made prior to January 1, 1986 are eligible for discharge based on false certification due to a disqualifying status.

16.5 False Certification (Unauthorized Signature/Payment)

The borrower may be eligible for a school-based discharge due to due to an unauthorized signature/payment when the borrower disputes the signature on the promissory note or disbursement check for the loan or asserts fraud has taken place.

The borrower presents five samples of his/her signature on other documents, two within one year of the disputed signature with the discharge application.

If proceeds of the loan were applied directly to the borrower's school expenses or provided to the borrower, the loan is not eligible for discharge.

Note: ED policy - for defaulted loans, fraud, forgery and ID Theft claims are also considered under this category.

16.6 Unpaid Refund

The borrower may be eligible for a school-based discharge due to unpaid refund if:

- the borrower attended the school but for less than the full term for which the loan was borrowed; and
- the loan was made on or after January 1, 1986.

The borrower may have been entitled to a full or partial refund of tuition, depending on the school's policy.

16.7 Service Cancellations

Only loans made under the Federal Perkins Loan Program (NDSL) are currently eligible for teacher service cancellations.

16.8 Borrower Defense

The Department of Education will have information on its website, StudentAid.gov/borrower-defense, related to the 'Borrower Defense to Repayment' loan discharge process. Under this process, borrowers may be eligible for a partial or full discharge of loans, if the school they attended did things, or failed to do things, that would amount to fraud or otherwise justify a legal action against the school under applicable state law.

If you receive calls inquiring about this process, the borrower should be told, if they are interested in submitting a borrower defense for repayment claim, they should visit Studentaid.gov to get the information needed. The PCA should not attempt to gather info for the borrower, counsel them, or to try to submit any requests for borrower defense for them. Upon receipt of the application, FSA will initiate the recall as warranted

FSA will not require any suspension of activity, as it is possible a borrower will not follow through with submitting the claim. As stated above, FSA will initiate any stoppages needed upon receipt of the claim. In the event a borrower submits a claim and the account(s) is recalled; however the borrower subsequently wants to make payments, the borrower should be advised to submit such a request to: FSAOperations@ed.gov. FSA will work with the PCA to transfer the borrower back. FSA would expect that payment plans previously established will continue and any unintended delays will not count negatively against the borrower or PCA.

If the borrower notifies FSA of their desire to continue making payment, and the borrower is placed back with the PCA, the account should be serviced as normal.

If a borrower asks about payments made, or if garnishment activity will stop, the borrower should be encouraged to visit Studentaid.ed.gov, which should address any questions or provide further direction on how additional questions should be handled.

17.0 ACCOUNT RETURNS, ADMINISTRATIVE RESOLUTIONS, AND BANKRUPTCY

There are a number of reasons a PCA returns an account to FSA or resolves an account through an administrative resolution. This chapter discusses topics that result in the resolution of an account.

17.1 PCA Account Returns

A PCA must return accounts to FSA by using the account return file as one of the file exchanges with DMCS. The PCA must not return these accounts to FSA unless the following criteria are met for each account type.

17.1.1 Compromises (CPR)

Under normal circumstances, most paid compromised accounts are systematically recalled. Sometimes the system query does not capture an account even though a compromise has been paid on the account. If the account is not systematically recalled, please see Chapter 4, section 4.5 for instructions on how to work these accounts.

17.1.2 Paid-in-Full (PIF)

PCAs must return to FSA accounts that:

- have been paid in full so that the principal and interest balance is \$25.00 or less;
- were not returned in the monthly systematic recall; and
- do not have payment activity within the past 45 days.

Under normal circumstances accounts that have a balance of \$25.00 or less are systematically recalled on a monthly basis. The PCA must not use this return reason on a routine basis.

17.1.3 Inability to Collect/Unable to Locate (INA/UNL)

FSA determines the criteria for identifying and recalling these accounts from the PCA.

17.1.4 Servicemembers Civil Relief Act (SCRA)

With each new transfer of accounts, PCAs must run a Department of Defense data match, suspend AWG against active duty borrowers, and return these accounts:

1. For the "Active Duty Status Date," enter the date you submit your file for. Request files should be submitted within three days after receiving a new placement.
2. On the response file, any account with a value of "X" in the "Active Duty on Active Duty Status Date" is on active duty and is eligible to be returned.
3. You may retain any account you are actively working, meaning you have had contact with the borrower and are working towards resolution (e.g., negotiating a repayment plan). If you choose to retain an account, please add the following comment to the DMCS historical events (using A/R code of Comment/Comment): ***SCRA account – resolution in progress
4. For the accounts you wish to return, add the following comment to the DMCS historical events (using A/R code of Comment/Comment): ***SCRA return. These accounts will be recalled.
5. Stop AWG as appropriate.

6. Accounts must be identified and properly commented with appropriate SCRA directions within seven days of file request date.
7. If the borrower calls in for a resolution after it was marked for return they should be referred to DRG.
8. PCAs must suspend collection immediately after identifying recall-eligible accounts
9. FSA will recall these accounts within five days of the completion date of identification and SCRA comments
10. If you identify an account that was not recalled 10 days from the date the comment was added, contact FSA.

See 23.0 – CONTACTS for specific contact information.

17.2 Administrative Resolutions – Death, Incarceration, and Disability

FSA recalls account from the PCA if the criteria are met for the following administrative resolutions.

17.2.1 Death

PCAs must submit to FSA notification of a borrower's death for any student or parent loan to FSA via eIMF. Upon submitting the eIMF, the PCA must:

notate the DMCS Historical Events window that a request for loan discharge has been submitted to FSA for approval;

sufficient evidence that the decedent is the same individual as the borrower on the DMCS system.

Examples of sufficient information are as follows and must be legible and devoid of alteration:

- an original or certified copy of a death certificate;
- an accurate and complete photocopy of an original or certified copy of the death certificate;
- an original or certified copies or photocopies of foreign death certificates;
- an original or certified copies or photocopies of a U.S. Embassy death certificates (death on foreign soil);
- U.S. Department of State - Report of Death of an American Citizen Abroad Form; or
- U.S. Military Certificate of Death - Overseas

In the event an individual (student or former student) on whose behalf a parent has borrowed a PLUS loan dies, the obligation of the parent borrower or an endorser of that loan is discharged.

To ensure that the decedent is the borrower or individual on whose behalf a parent has borrowed, the PCA must verify that the name, date of birth, and SSN on the death certificate (or other acceptable document evidencing the death) matches the name, date of birth and SSN of the borrower. If the borrower is married, the last name of the decedent does not need to match the last name of the borrower on DMCS. This applies to both male and female borrowers.

There may be times where not all the key data elements match between the death certificate and the account data in DMCS.

If the information on the death certificate and DMCS are different for ANY of the three key identifiers (name, Social Security Numbers (SSN) and/or Date of Birth (DOB)), the PCA must provide a *brief written summary*, with any supporting documentation, explaining the PCA's determination that the death

certificate in question is for FSA's borrower. If everything matches but middle initial or if everything matches but the last name of a married borrower, the PCA does not need to provide the summary.

Possible supporting documents include:

- promissory notes
- assignment forms
- DMCS printouts/screens
- loan applications
- potential search engines that extract data through Social Security Administration Death indexes
- credit bureau reports (however, these cannot be used to verify SSNs)

If the PCA has acceptable documentation indicating that an SSN or DOB should be changed (driver's license, birth certificate, etc.), the PCA must submit an eIMF request with documentation to change the data, prior to submitting the account for discharge.

FSA Death Letters – PCAs must use the generic death certification letter, provided in the appendices, to send to state and local vital statistic offices, as well as a letter that requires notarization. The PCA must place the language provided on FSA letterhead. The PCA must not use photocopied letters with the signature of an FSA staff member, and must not type the name of any FSA staff member on these letters.

17.2.2 Incarceration

If the PCA determines that a borrower is incarcerated, the PCA must obtain verification from a prison official of the borrower's incarceration and earliest possible release date.

Incarcerations that the PCA can recommend for account recall are divided into two categories based on the length of the borrower's sentencing:

1. If the borrower is to be incarcerated for a period exceeding nine (9) months but less than 10 years from the time of submission.
 - These would be recalled as Incarceration-Collectable(INC) and will be systematically returned to active collections at the expiration of the borrower's earliest possible release date.
2. If the borrower is to be incarcerated for a period exceeding ten (10) years or more from the time of submission.
 - These would be recalled as Incarceration-Write Off(INW) and will be systematically written off in the DMCS

If the borrower is to be confined for 9 months or less, the PCA will suspend collection efforts on the account and perform follow-up after the borrower's anticipated parole or earliest release date.

The information verifying incarceration must contain:

- the borrower's full name
- full date of birth
- earliest release date
- the prison or institution facility address
- the prison official's name, title (or official website)

- prison telephone number

The SSN or last 4 digits thereof is encouraged but not required, since most official websites will not provide the SSN.)

The PCA must submit incarceration documentation to FSA via eIMF and update DMCS with the prison official's name, title (or official website), name prison, prison telephone number and earliest release date.

Earliest release date –The earliest release 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 language 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 must obtain more clarifying/concrete information that indicates if there is a new updated early release date or confirms that the earliest release date is now the maximum sentence date.

Acceptable formats - PCA must provide verification of the earliest release date in one of the following three forms:

1. Written verification from a prison on the institution's letterhead or the FSA incarceration verification letter completed by a prison official (see appendices).
2. The PCA does not have to obtain an FSA official signature on the FSA incarceration verification letter. If the prison requires official signature (rare), the PCA must submit an eIMF request with a copy of the letter. The PCA must not photocopy a letter with an FSA signature nor must not - type the name of an FSA employee in the signature block of a letter.
3. Copy of an email from the prison official verifying the borrower's incarceration status.
4. The email without adulteration must clearly identify the name of the penal facility and the name and title of the sender.
5. Computer print-outs from a state/prison database.
6. The PCA must use this method only if the other methods are unavailable.
7. At a minimum the computer print-out must contain:
 - the borrower's full name (at least first and last name)
 - If the borrower has a common names (i.e. John Smith, Mary Brown), the PCA must obtain documentation with additional personal identifiers, beyond name and DOB, such as SSN.
 - the borrower's full date of birth (month/day/year)
 - the anticipated release date
 - the following certification statement:
 - "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."
 - PCA signature below the certification statement. If the PCA uses a subcontractor, there must be two signature blocks, one for the subcontractor and one for the PCA.
 - notarization by the PCA:
 - subcontractor is not required to notarize the statement
 - PCA may notarize the statement on a separate copy

- if the PCA is unable to notarize the statement, two signatures are required

Computer print-outs may come from an on-line source. If the minimum personal identifiers, full name and full DOB, don't show on the print-out, the PCA must write on the print-out the personal identifying information used to obtain the record. However, if personal identifying information is not used to obtain the record and the online record is incomplete (i.e. no DOB only borrower age), then the PCA must obtain verification through another acceptable format.

Except for the PCA writing the personal identifying information use to obtain the record (see previous paragraph), the PCA must not alter the computer print-out and must not accept hand-written information as evidence to support the borrower's identity or incarcerated status.

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

Submitting for Recall:

When you have obtained the supporting documentation as proof of the length of time the borrower is incarcerated, you can request the account for recall by eIMF.

- The accounts with an incarceration period greater than 10 years, INW can be submitted by eIMF individually, as explained in chapter 19, section 19.1 Administrative Resolutions
- The accounts with an incarceration period greater than 9 months but less than 10 years, INC, can be submitted by eIMF in a batch process once a week. A batch process is when you include all the accounts eligible for the INC recall that week together in 1 eIMF and FSA reviews a sample of those accounts to ensure they were submitted correctly. If they were submitted correctly all the accounts will be approved and processes. If there were any errors all of the accounts are rejected and would need to be resubmitted again once the issue has been fixed or removed. How to submit the batch:
 - Mail the incarceration verification documents to the Greenville address for correspondence for workflow. The image will be routed to you for review. After you have approved the image in DMCS you can included it in the next roster of accounts for the batch process.
 - Prepare an excel sheet as an attachment (see appendix C for example) for the INCs that you wish to have recalled that week. Provide the DMCS account numbers in column A of the excel sheet, the earliest release date in column B, and the date the incarceration verification documents are imaged into DMCS in column C.
 - When creating the eIMF, use "Admin Resolution - INC Batch" for subject, use any borrower name and account number that is in the attachment and attach the Roster of accounts you want reviewed
- When submitting the eIMF, the PCA must also update the borrower address with the prison address in DMCS, which must include the Prison Name, Prison Street/PO BOX Address, Inmate# if any, City, State, and Zip Code. If a borrower has provided the PCA with a "care of" address for mail delivery, the PCA must use that address and notate that it is a "care of" address in the DMCS notepad.
- When a PCA submits an eIMF notifying FSA that a borrower is incarcerated, the PCA must annotate the DMCS Historical Events window that an eIMF has been submitted along with the

earliest release date provided by the penal facility. If a borrower is sentenced for life imprisonment, the PCA must indicate "Life" as the earliest release date.

- Once you submit the eIMF for either type of recall you should monitor it, to make sure it was reviewed and completed timely and that the account has been recalled with the correct recall code. If the eIMF hasn't been completed within 5 business days contact the person listed in contact list.

FSA Incarceration Letters – PCAs must use the generic incarceration letter to send to incarceration facilities (see appendices D & E). The PCA must place the language on FSA Letterhead.

FSA has provided letters to aid the PCAs in obtaining acceptable incarceration documentation. The PCA must not use photocopied letters with the signature of an FSA staff member, and must not type the name of any FSA staff member on these letters.

17.2.3 Total and Permanent Disability

If a PCA has reason to believe that a borrower is disabled, PCAs must refer borrowers to the Total and Permanent Disability (TPD) Servicer (Nelnet) and document the historical events on DMCS that the borrower was successfully transferred to Nelnet. The TPD Servicer will counsel the borrower on eligibility requirements and, as warranted, instruct the borrower to submit a discharge application to the TPD Servicer.

TPD Contact Information

- Phone: 1-888-303-7818 (If initiating a three-way call, PCAs should use Option 3, which is designated for loan holders)
- Web site: www.disabilitydischarge.com
- E-mail: disabilityinformation@nelnet.net
- Office Hours: 8:00 a.m. - 8:00 p.m. (ET), seven days a week
- Mail Inquiry: PO box 87130 Lincoln, Nebraska 68501-7130
- Fax: 303.696.5250
- Physical address: 121 South 13th Street, suite 201, Lincoln, Ne 68508

Based on this initial consultation, the TPD Servicer will notify the borrower's loan holders to suspend collections activity for 120 days and the PCAs must suspend its collection actions for the same period of time. AWG and TOP will continue during this time.

After the TPD servicer begins to work with the borrower, four different things may occur:

- The borrower fails to submit a materially complete discharge application to TPD, in which case the PCA must resume collection activity at the end of the 120-day suspension period.
- The borrower submits a materially complete discharge application to TPD. When this occurs, TPD will notify FSA, and FSA will notify its PCAs, to suspend collection indefinitely while TPD conducts its review.
- Discharge is denied (or the application is rejected), in which case the PCA must resume collection immediately (even if it has been less than 120 days since the initial consultation).
- Discharge is approved. FSA will recall the account and will pay the PCA an administrative resolution fee.

Daily Update File - FSA will send, via email, a daily update file to PCAs which will contain the following fields:

- Workgroup (PCA name—the file will contain all PCA accounts)
- Status date (most recent status changes will appear first)
- Borrower number
- Status: 120-Day suspension; Indefinite suspension; Discharge denied/application rejected; Discharge approved; or 120-Day suspension expired
- Denial/Reject reason

The report will be cumulative; that is, every borrower being tracked will appear on each daily report, whether or not there is a status change to report. Thus, if a PCA fails to receive or process a given day's report, they will not miss a status change. Once a suspension ends (i.e., it expires, or a discharge determination is made), the borrower record will remain on the report for 14 days before dropping off. The report will be sent in csv format

17.3 Bankruptcy

As soon as the borrower files a petition in bankruptcy court, and until the bankruptcy proceeding is concluded, all creditors are barred from taking collection action against the borrower. *A creditor that fails to cease collection activity immediately upon receiving notice that a bankruptcy has been filed can be cited for Contempt of Court for failure to honor the Automatic Stay.*

Bankruptcy is a court process established by federal law 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.”

17.3.1 Cease Collection

Upon becoming aware that a borrower has filed a bankruptcy petition in a case that remains open, the PCA must immediately suspend all collection activity, stop AWG withholding and request via eIMF that the account be decertified from TOP. The PCA must send a copy of the bankruptcy notice s to:

Dept. of ED
PO Box 16448
St. Paul, MN 55116-0448

The PCA must also annotate computer records with the date the notice was received, bankruptcy chapter, case number, district and filing date. The PCA may return the account.

17.3.2 Bankruptcies Filed on or after October 8, 1998

Immediately upon becoming aware of a bankruptcy that was filed on or after October 8, 1998, the PCA must:

- suspend all collection activity on the account; and
- submit a list of these accounts to FSA so that they can de-certify TOP, if the case is still open.

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

The PCA must resume collection upon receipt of the Order of Discharge or Dismissal or verification on PACER that the bankruptcy case has concluded. The PCA must annotate computer records with the chapter number, case number, district, date discharged/dissmised.

17.3.3 Bankruptcies Filed before October 8, 1998

If the court has issued a Discharge of Debtor AND a determination of dischargeability has not been made and entered in the Historical Events window by an FSA employee or an employee of ECMC, the PCA must:

- annotate the DMCS Historical Events window that the case has been referred to ECMC for review and include the bankruptcy chapter, case number, district, and filing date;
- forward bankruptcy documents (any document with the case number and district is sufficient) to ECMC for an assessment of dischargeability:

Dept. of ED
PO Box 16448
St. Paul, MN 55116-0448

After reviewing the case, ECMC will notate the Historical Events window.

If the PCA can verify that the case was dismissed and a final discharge was never issued, the PCA must continue collecting on the case. The PCA must update the Historical Events window with the chapter type, case number, district, filing date, and date of dismissal.

17.3.4 Handling bankruptcy documentation

The PCA must image and e-mail to FSABankruptcy@ed.gov:

- any Summons and Complaint in an Adversary Proceeding;
- any Motion for Sanctions/Contempt;
- other notice or pleading in an adversary proceeding; or
- objection to a proof of claim filed by or on behalf of FSA.

17.0 – Appendix A – Prime Contractor Death Discharge Letter



_____ (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.

With regard to these requirements, the Department of Education has authorized **(Collection Agency Name)** to request and obtain information regarding the individual listed 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: _____

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/her official act and deed with the full understanding of the penalty of law if applicable.

Notary Public
My Commission Expires: _____

61 Forsyth St., SW
Rm 18T30
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID START HERE. GO FURTHER.

17.0 - Appendix B - Prime Contractor with Subcontract Death Discharge Letter



_____ (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/her official act and deed with the full understanding of the penalty of law if applicable.

Notary Public

My Commission Expires: _____

61 Forsyth St., SW
Rm 18T30
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID START HERE. GO FURTHER.

17.0 - Appendix C – Example Spreadsheet for INC Batch Requests

A	B	C	D	E
INC Admin Batch	Agency: _____		Submission Date: _____	
Borrower ID	Earliest Release date	Image Date		

17.0 - Appendix D - Prime Contractor Incarceration Letter



_____ (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., SW
Rm 18T30
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

17.0 - Appendix E - Prime Contractor with Subcontract Incarceration Letter



(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 Operations

61 Forsyth St., SW
Rm 18T30
Atlanta, GA 30303
www.FederalStudentAid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

17.0 - Appendix F – Vital Statistics Request Letter



<date>

Vital Records Division

Dear Sir or Madam:

The U.S. Department of Education (Department) contracts with Private Collection Agencies (PCAs) to collect on defaulted Title IV student loans owned by the Department in the Federal Family Education Loan (FFEL) Program, the William D. Ford Federal Direct Loan Program (DL) and the Federal Perkins Loan Program (Perkins). When a PCA determines a borrower is deceased, they need to provide us with a certificate of death to discharge the loans.

Regulatory Authority

According to 34 CFR §682.402(b) for the FFEL program, a discharge of a loan based on the death of the borrower (or student in the case of a PLUS loans) must be based on an original or certified copy of the death certificate, or an accurate and complete photocopy of the original or certified copy of the death certificate. This documentation is necessary to discharge a borrower's student loan obligation.

According to 34 CFR §685.212(a)(1) for the DL program, if a borrower (or a student whose behalf a parent borrowed a Direct PLUS loan) dies, the Secretary discharges the obligation of the borrower and any endorser to make any further payments on the loan based on an original certified copy of the borrower's (or student's in the case of a Direct PLUS loan obtained by a parent borrower) death certificate, or an accurate and complete photocopy of the original or certified copy of the borrower's (or student's in the case of a Direct PLUS loan obtained by a parent borrower) death certificate.

According to 34 CFR §674.61(a) for the Perkins program, the unpaid balance of a borrower's Defense, NDSL, or Perkins loan, including interest, must be discharged if the borrower dies. The loan must be discharged on the basis of an original or certified copy of the death certificate, or an accurate and complete photocopy of the original or certified copy of the death certificate.

Please accept this letter as documentation that the PCAs listed in Attachment A have a valid reason for requesting death certificates and of the Department's request for your cooperation in providing the documents necessary to process these discharges. The agencies listed in Attachment A are under contract with the Department to collect student loan debts at least through April 21, 2017. If there are any question or concerns. Please do not hesitate to call me at the number listed below.

Sincerely,

Douglas Laine
Branch Chief
(404) 974-9244

Attachment A – List of U.S. Department of Educations’ Private Collection Agencies

cc: Private Collection Agencies



Atlanta Processing Division
61 Forsyth St., SW, Room 18T30
Atlanta, GA 30303-8918

Attachment A

List of U.S. Department of Education Private Collection Agencies

Account Control Technology, Inc.
Allied Interstate Inc. (D/B/A IQOR)
Coast Professional, Inc.
Collection Technology, Inc.
Continental Service Group, Inc. (D/B/A ConServe)
Delta Management Associates. Inc.
Enterprise Recovery Systems
EOS-CCA (D/B/A Collecto)
Financial Asset Management Systems, Inc. (D/B/A FAMS)
FMS Investment Corporation
GC Services, LP
Immediate Credit Recovery, Inc.
National Recoveries, Inc.
Transworld Systems, Inc. fka NCO Group
Performant Recovery Inc.
Pioneer Credit Recovery, Inc.
Premier Credit of North America, LLC
Progressive Financial Services, Inc.
The CBE Group, Inc.
Van Ru Credit Corporation
West Asset Management, Inc.
Windham Professional, Inc.
Action Financial Services
Central Research, Inc.
Credit Adjustments Inc.

18.0 LOCATING PROMISSORY NOTES

Promissory notes are stored in a number of different systems. This chapter assists PCAs in locating promissory notes so that PCAs may provide borrowers with copies of the promissory note to support the claim that the borrower owes the loan.

18.1 Images Stored in DMCS

Most promissory notes are stored in DMCS. You can access images in DMCS by clicking on the Images tab in the Borrower Overview Pane.

Associated	Reference Number	Name	Creation Date	Description	Highest Priority Tags
	00009230002657	Promissory Note	11/23/2011	PROM-----	iPROM
	00009230002658	Promissory Note	11/23/2011	PROM-----	iPROM
	00009230002659	Other	11/23/2011	OTHR-----	iOTHR
	00009230002660	Other	11/23/2011	OTHR-----	iOTHR
	00009230002661	Other	11/23/2011	OTHR-----	iOTHR
	00009230002662	Other	11/23/2011	OTHR-----	iOTHR
	00009230002663	Other	11/23/2011	OTHR-----	iOTHR
	00009230002664	Other	11/23/2011	OTHR-----	iOTHR
	00009230002665	Other	11/23/2011	OTHR-----	iOTHR
	00009230002666	Other	11/23/2011	OTHR-----	iOTHR

Imaged promissory notes are generally labeled “Promissory Note.” However, the image files are sometimes mislabeled, so the PCA must check the other files before concluding that the promissory note is not imaged in DMCS.

If the PCA concludes that the promissory note is not imaged in DMCS, the PCA may contact Greenville to request a copy of the document. See 23.0 – CONTACTS for contact information.

Some older NDSL (Perkins) and FISL debt have promissory notes that exist in the paper records but have not been imaged. You should contact Greenville for copies of the notes before concluding that the notes are not available.

The PCA can obtain the POVR assignment document from DMCS images although the assignment document is not necessary to enforce collection.

18.2 HEAF or NYHESC Loans

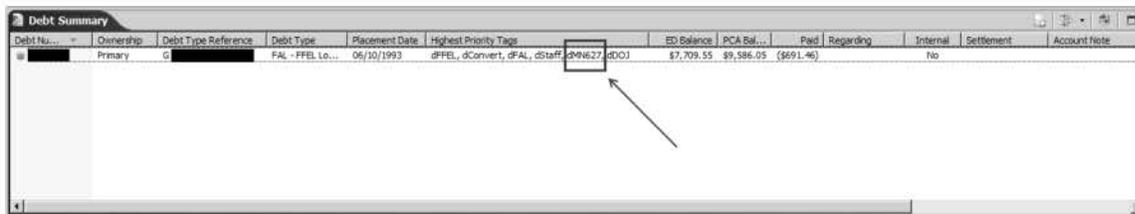
Records for FFEL loans that were guaranteed by HEAF or NYHESC (the New York guaranty agency) are maintained in Greenville in microfiche or other media. When the PCA is looking for promissory notes for HEAF or NYHESC loans and can’t find the promissory notes in the DMCS images, the PCA may check with Greenville to request a copy of the note. See 23.0 – CONTACTS for contact information.

The PCA can identify HEAF or NYHESC accounts by reviewing the debt-level tag in DMCS Debt Summary Pane:

HEAF – guaranty agency code between 600 and 699

NYHESC - guaranty agency code of 736

In the sample below, the dMN627 indicates a HEAF loan.



18.3 Other Systems

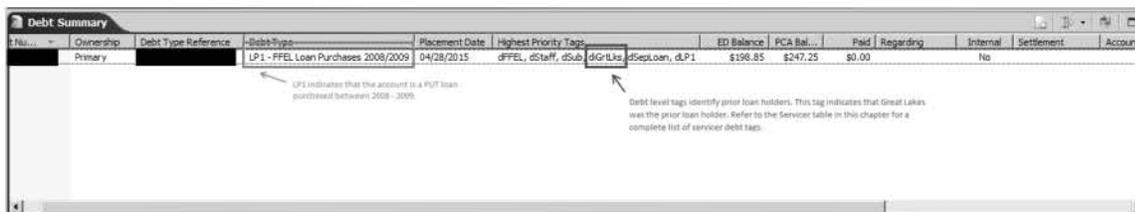
There are other systems in which images of promissory notes are stored and if the PCA cannot find an image in DMCS, the PCA must check the following systems for copies of the promissory note.

- Nelnet Imaging System
- Navient Imaging System
- PHEAA Imaging System
- Great Lakes Imaging System
- Great Lakes Image Repository
- COD
- Direct Loan Images (directloanimages.ed.gov)

Contact FSA (see 23.0 – CONTACTS) for information about obtaining access to these systems. When requesting access to the Great Lakes system, be sure to indicate on the request form that access is needed to both Great Lakes document images and to the Great Lakes Image Repository.

18.3.1 Nelnet, Navient, PHEAA, Great Lakes

Between 2008 and 2010 FSA purchased FFEL loans from lenders under either the PUT or Conduit program. Notes for most FFEL loans purchased by FSA through those programs can be found in the federal loan servicers’ imaging systems. PCAs can identify PUT and Conduit program loans as well as the federal loan servicer servicing the loan prior to default by referencing the Debt Summary pane. In the example below, LP1 in the Debt Type field indicates a PUT loan. The dGrtLks debt-level tag indicates that Great Lakes serviced the loan prior to default and transferred it to DMCS.



The following table lists Debt Type codes used to identify PUT or Conduit Program loans:

Loan Program	Loan Program Code
FFEL Conduit Purchases	FCO
FFEL Conduit Purchases – Delinquent	FCD
FEEL (PUT) Loan Purchases 2008 - 2009	LP1
FFEL (PUT) Loan Purchases 2009 - 2010	LP2

The following table lists federal loan servicer debt-level tags:

Federal Loan Servicers	
Dept of ED/ Great Lakes	diGrtLks
Dept of ED/ Nelnet	diNelnet
Dept of ED/ PHEA	diAP
Dept of ED/ Sallie Mae (Navient)	diSallie

The federal loan servicers' imaging systems also contain some Direct Loan notes. The PCA must check the records of the federal loan servicer who serviced the loan before transfer to DMCS before concluding that a Direct Loan note is not available.

18.3.2 Great Lakes Image Repository:

PCAs can log on to [partner.mygreatlakes.org] and search in Image Repository Services. Some documents are stored here for Direct Loans that were originally serviced by the Direct Loan Servicing Center.

18.3.3 Common Origination and Disbursement (COD):

PCAs can log onto COD at [www.cod.ed.gov] and search for promissory notes and TEACH Grant Agreements to Serve (ATS). Most 2001 and newer electronic promissory note images of non-consolidated Direct Loans can be found here as well as electronic PLUS endorser addendums. The COD site displays information about both paper and electronic notes. If the "Type" displayed in COD is "Paper", check [directloanimages.ed.gov].

18.3.4 DirectLoanImages.ed.gov:

The directloanimages.ed.gov site contains most Direct Consolidation Loan promissory notes. Some pre-2001 non-consolidation promissory notes can be found here as well as scanned paper notes from COD and paper endorser addendums.

18.4 Promissory Notes that Cannot be Located

The PCA must first check the systems listed above (and request records from Greenville for HEAF/NYHESC accounts). If a search of the records does not locate the promissory note, the PCA may request assistance in locating the note.

The PCA can request assistance by logging onto the DMCS account and entering A/R Event:

Action	Result
EsclssRc	EsclssBN

Be sure to include a complete annotation in the A/R Event popup box specifying the debt numbers of the loans in question and a list of locations searched in the PCA's effort to locate the promissory note. The request will populate the ESCISSBN worklist. When the promissory note is found, the note will be imaged into DMCS and a copy of the note mailed to the PCA making the request.

19.0 ELECTRONIC INTERNAL MAIL FORMS (eIMFs)

PCAs use the Electronic Internal Mail system (eIMF) for transmitting requests and other information for resolving debts. The PCA must use the following URL to access the eIMF site:

<https://www.myeddebt.ed.gov/eimf/login.aspx>.

To submit eIMFs, PCAs select the subject, complete the electronic form with necessary information, add comments, and include all relevant attachments. After the PCA submits the eIMF, it is routed to an FSA loan analyst for further processing.

The PCA must monitor the status of the eIMF:

Completed – when the eIMF is approved, it will be marked “Completed.”

Pending – FSA is conducting further research or additional review

Retractions– The PCA may retract the eIMF by change the status to “Retracted” and may resubmit the eIMF at any time.

The tables below list the eIMF subjects and detailed requirements for certain items.

19.1 eIMFs handled by the FSA Atlanta Regional Office

Account Adjustment	<p>Request for removal of fees or correction of +/- balances.</p> <p>A +/- balance account is one with a mixture of positive and negative (credit) balance debts, indicating that one debt was overpaid. The PCA must resolve the overpayment by requesting a refund or an offset reduction of the positive balance debts on the account.</p> <p>PCAs must only request this under one of the following circumstances:</p> <ul style="list-style-type: none"> • Borrower is in repayment (account must be on a Payment Schedule or have repayment terms clearly annotated in the DMCS Historical Events window) • AWG is being initiated (must be clearly annotated in the DMCS Historical Events window). • Accounts that are not closed (compromise, discharge, etc.) in a timely manner. (allow 45 days for the system to close the account first.) • Bankruptcy issues. • Requests for decertification of accounts from TOP offsets. • Cease Collection Activity demands. • Credit Card Issues (send by eIMF) • DOB Changes (attach a copy of required document(s) as described in section 11.2.1, Documenting identity and contact information changes). • Name Changes (attach a copy of a valid state driver’s license, passport, marriage or birth certificate, or alien registration card, or court document ordering the name change.)
--------------------	---

Administrative Resolution	<ul style="list-style-type: none"> • INC Batch – short-term incarceration (submitted in batches, one per week per PCA) • INW – long-term incarceration. • Death
Bankruptcy Decertification	Request to decertify an account from offset after bankruptcy
Complaint	<ul style="list-style-type: none"> • CFPB - Consumer Financial Protection Board • Verbal - in need of resolutions from PCA or DRG. • Verbal Resolved - resolved over the phone when the complaint was received. • Written • BBB, Consumer Protection and other Govt. Orgs – complaints received by other governmental or consumer protection entities.
Credit Card Issue	Submission of credit card corrections.
Death Verification Request Letters (Death Discharge Letters)	This is a request for notarization of a form letter to send to a vital statistics agency.
Discretionary Compromise	This is a request for compromise on terms other than standard compromises.
Lawsuit Notification	Submission of lawsuit notification.
NCE Request for Assistance	Request to resolve Non-Compliant Employer with AWG Order.
Payment Issues	<p>Request correction of payment errors.</p> <p>Complete an NPC Missing Payments Correction Form for the following occurrences:</p> <ul style="list-style-type: none"> • Misapplication of payments from an employer (Provide documentation from the employer with the name of persons or a list of persons to whom the payments should have been applied and how much should have been applied to each person.) • Lost payments <ul style="list-style-type: none"> ○ Provide a copy of the front and back of checks. ○ For money orders have the money order traced and a copy of the trace sent to FSA.
PCA Monthly Report	Submission of PCA Monthly Report.
PCA Employees	Submission of prospective PCA Employees for vetting prior to hire.

	The PCA will use the PCA employee module of the eIMF system. The PCA will need to submit the prospective employee's name and SSN and submit to FSA for checking to see if the prospective employee is in default on a student loan. If the PCA is notified that the employee is approved for hire, the PCA may bring the individual on board to work under the ED contract.
Refund Request for excess garnishments or PCA refunds to borrowers	Request to refund monies to PCA.
	•
Reissue Y11/Y13	Request to resend AWG withholding order.
Return Account to PCA	Request to return an account to a PCA
Unposted Credit Card Payments	Request review of unposted credit card payments

19.1.1 eIMFs handled by the Default Resolution Group

Paid in full (PIF) letter	This should only be requested if the account has a balance below \$25.
Settled in full (SIF) letter (for compromises)	This letter should only be requested if the borrower has satisfied the terms of a compromise agreement.
Title IV reinstatement letter	See 12.0 – WRITTEN CORRESPONDENCE

20.0 INVOICE PROCESSING

PCAs must bill FSA for services rendered as described in this chapter.

20.1 Overview

Each month, FSA will produce reports reflecting each PCA's collections by type (consolidation, rehabilitation, and regular) as well as the administrative resolutions and litigations. By the 15th of each month, FSA will generate:

- Detail reports listing each transaction for which a commission or fee is to be paid
- A summary report showing data the PCA must use for preparing that month's invoice

FSA will email these reports to the PCAs.

If the summary data is acceptable, the PCA will create and sign a voucher, and submit the voucher electronically to the U.S. Department of Education's Chief Financial Officer – Budget Division. Any discrepancies will be reported to FSA and FSA will provide corrected summary data as appropriate.

20.2 Voucher

The invoice voucher (OMB Form # 1034) is the PCA's signed statement billing FSA for services rendered. By signing this document the signer declares that the services for which FSA 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:

Standard Form 1234 Revised January 1993 Department of the Treasury Title # 2000 1034-112		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONNEL			VOUCHER NO. 0056SF	
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION		DATE VOUCHER PREPARED		SCHEDULE NO.		
U.S. Department of Education Grants and Contracts Service, Chris Testamark Branch B, Section 4, Room 3660, ROB-3 Seventh & D Streets, S.W. Washington, DC 20202-4731		07/03/97				
		CONTRACT NUMBER AND DATE PC97123456		PAID BY		
		REQUISITION NUMBER AND DATE				
PAYEE'S NAME AND ADDRESS Friendly Collectors 123 Good Customer Service Lane Washington, DC 20202		Contact: John Doe Phone: 202-260-1750		DATE PAID/RECEIVED		
				DISCOUNT TERMS		
				PAYEE'S ACCOUNT NUMBER		
SHIPPED FROM		TO		WEIGHT		
				GOVERNMENT B/L NUMBER		
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract of Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT
				COST	PER	
March, 1995		Regular Collections		\$10,000,000.00	25.0%	\$2,500,000.00
		Adjustment		(\$10,000.00)	"	(\$2,500.00)
		Cons/Rehab Collections		\$1,000,000.00	12.0%	\$120,000.00
		Adjustment		\$995,000.00	"	\$119,400.00
		Incentive Bonus		\$11,000,000.00	5.0%	\$550,000.00
		Adjustment				(\$10,000.00)
		Unapproved Compromises				(\$1,000.00)
		Administrative Resolutions	100		\$40.00	\$4,000.00
		Adjustment	-1		"	(\$40.00)
		Litigation Preparations	10		\$40.00	\$400.00
	Adjustment	1			\$40.00	
					TOTAL	\$3,280,300.00
PAYMENT APPROVED FOR		EXCHANGE RATE		DIFFERENCES		
<input type="checkbox"/> PROVISIONAL		= \$		= \$1.00		
<input type="checkbox"/> COMPLETE		BY				
<input type="checkbox"/> PARTIAL						
<input type="checkbox"/> FINAL						
<input type="checkbox"/> PROGRESS		TITLE		Amount verified, correct for		
<input type="checkbox"/> ADVANCE				(Signature or initials)		
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.						
(Date)		(Signature of Contract Officer)		(Date)		
ACCOUNTING CLASSIFICATION						
BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	ON	(Name of Bank)	
	CASH	DATE	PAYEE			
\$						
When stated in foreign currency, insert name of currency. If the ability to verify and authority to approve are confined to one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title. When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", in the case may be.				PER		
				TITLE		

Previous edition obsolete

U.S. GOVERNMENT PRINTING OFFICE: 1994

20.3 Invoice Detail Reports

Each month, FSA will email the following detail reports to the PCAs:

- Admins: a listing of accounts for which the PCA earned an administrative or litigation preparation fee
- Consols: every consolidation payment that posted to an account held by the PCA
- Payments: every payment that posted to an account held by the PCA
- Refunds: every refund of a payment for which the PCA was previously paid a fee
- Rehabs: every rehabilitation transaction that posted to an account held by the PCA

- Reversals: every reversal (e.g., bounced check or payment reversal on a credit card) of a payment for which the PCA was previously paid a fee

These files are in fixed-width text format. What follows are file layouts for each file:

Admins

Field Name	Start	Width
Agency's 2009 PCA Contract Code	1	4
Contract Code for Account	5	4
Borrower Number	9	11
Admin Type	20	4
Add or Remove	24	1

A=Add; R=Remove (for negative adjustments on the invoice)

Consolidations

Field Name	Start	Width
PCA	1	4
Borrower Number	5	11
Transaction ID of Consol Payment	16	11
Effective Date of Consol Payment	27	11
Posting Date of Consol Payment	38	11
Amount of Consol Payment	49	11
Consolidation Type	60	2
Fee	62	2
Certified by agency	64	2
Letter sent	66	2
Qualifying payments made	68	2
No Defaulted Consols	70	2
No Judgements	72	2
Reversed	74	2

R=Regular, F=Forced ICRP

See FeeTypes

Y=certified by PCA

Y=consolidation letter was sent

Y=voluntary payments made for commission eligibility

Y=no defaulted consolidation loans were consolidated

Y=no judgement loans were consolidated

Y=transaction was reversed

Consolidation Fee Types

X = no fee

C = Consolidation commission

A = admin fee (forced ICR)

B = BSR (commission)

R = Admin BSR

N = PCA requested no fee

Z = Paid as a rehab in the reconciliation

Payments

Field Name	Start	Width
Borrower Number	1	10
Transaction ID	12	10
Effective Date	23	10
Posting Date	34	10
Payment Type	45	1
PCA	47	3
Trace Number	51	8
Reversal Indicator	60	1
Debt Level Transaction ID	62	10
Debt-Level Payment Amount	73	10
Debt Type	84	1

See Payment Types

"Y" means there is a corresponding reversal transaction

D=Direct, N=Non-Direct

Payment Types

- A=AWG
- B=BSR (commission-eligible)
- C=Commission-eligible consolidation
- R=Rehab
- V=Voluntary
- O=Fee-ineligible consolidation (neither commission nor admin fee)
- 1=Forced ICR consolidation (admin fee)
- 2=Admin fee BSR

Refunds

Refunds

Field Name	Start	Width	
Borrower Number	1	10	
Effective Date of Payment Refunded	12	10	
Posting Date of Refund	23	10	
Payment Type	34	1	See Payment Types
PCA	36	3	
Trace Number	40	8	
Debt Level Transaction ID of Refund	49	10	
Debt-Level Refund Amount	60	10	
Debt Type	71	1	D=Direct, N=Non-Direct
Transaction ID of Payment Refunded	73	10	

Rehabs

Regular Rehabs

Field Name	Start	Width	
Agency Code	1	4	
Borrower Number	5	11	
Transaction ID	16	11	
Effective Date	27	11	
Transaction Amount	38	11	
Posting Date	49	11	
Debt Number	60	10	
LoanType	70	1	D=Direct, F=FFEL, N=NDSL/Perkins
Fee Type	72	1	C=Commission, A=Admin, F=Fixed-Fee, P=Fixed Fee Paid in Prior Month

Reversals

Field Name	Start	Width	
Borrower Number	1	10	
Transaction ID of Reversal	12	10	
Effective Date of Reversal	23	10	
Posting Date of Reversal	34	10	
Payment Type	45	1	See Payment Types
PCA	47	3	
Trace Number	51	8	
Debt-Level Transaction ID of Reversal	60	10	
Debt-level Reversal Amount	71	10	
Debt Type	82	1	D=Direct, N=Non-Direct
Transaction ID of Payment Reversed	84	10	
Credit Card Chargeback Indicator	95	1	Y=reversal is a credit card chargeback

20.4 Invoice Data Summary Report

20.4.1 Format of the Invoice Data Summary Report

The Invoice Data Summary Report is in an Excel format. What follows is an example of an individual PCA’s summary report:

						INVOICE TOTAL		4,235,304.65
Master Code	Agency Code	Line Item	Program	TranType	Collections / Accounts	Fee Rate	Total Fee	
578	427	Regular Collections	Direct	Payments	5,382.82	0.16	861.25	
578	427	Regular Collections	Non-Direct	Payments	3,055.54	0.175	534.72	
578	567	Regular Collections	Direct	Payments	96,506.23	0.16	15,441.00	
578	567	Regular Collections	Direct	Reversals	(50.00)	0.16	(8.00)	
578	567	Regular Collections	Direct	Refunds	(1,343.46)	0.16	(214.95)	
578	567	Regular Collections	Direct	Refunds	(287.98)	0.18	(51.84)	
578	567	Regular Collections	Non-Direct	Payments	35,927.50	0.175	6,287.31	
578	567	Rehabilitations	Direct	Rehabs	59,156.15	0.1175	6,950.85	
578	578	Regular Collections	Direct	Payments	2,447,544.90	0.16	391,607.18	
578	578	Regular Collections	Direct	Reversals	(14,912.84)	0.16	(2,386.05)	
578	578	Regular Collections	Direct	Refunds	(24,411.81)	0.16	(3,905.89)	
578	578	Regular Collections	Direct	Refunds	(220.25)	0.18	(39.65)	
578	578	Regular Collections	Non-Direct	Payments	1,114,356.04	0.175	195,012.31	
578	578	Regular Collections	Non-Direct	Reversals	(44,687.18)	0.175	(7,820.26)	
578	578	Regular Collections	Non-Direct	Refunds	(9,818.56)	0.175	(1,718.25)	
578	578	Regular Collections	Non-Direct	Refunds	(247.56)	0.2	(49.51)	
578	578	Rehabilitations	Direct	Rehabs	22,490,095.20	0.1175	2,642,586.19	
578	578	Rehabilitations	Direct	Reversals	(8,273.96)	0.1175	(972.19)	
578	578	Rehabilitations	Non-Direct	Rehabs	6,686,342.84	0.1325	885,940.43	
578	578	Administrative Resolutions		AdminRes	715.00	150	107,250.00	

Note that all activity for a given company is displayed on this tab; but contract-level totals are identifiable by the “agency code.”

20.4.2 Actions When the Summary Report is Received

The Invoice Data Summary Report will be submitted electronically to the PCA for review after the end of the month, upon receipt the PCA must:

- Carefully review the summary and detail reports to ensure that all values are correct. Report any discrepancies to FSA—do not submit an invoice that differs from the Invoice Data Summary Report.
- Sign and date the voucher.

20.5 Invoice Submission

20.5.1 Sending invoices

Once the PCA has reviewed the invoice information and supporting documents, the PCA must submit the invoice via e-mail in order to be paid for products and/or services rendered under this contract. The PCA must only e-mail the primary invoice, NOT the supporting detail, and a copy of the MS Excel invoice template which contains the breakdown of the invoice information.

If the PCA does not agree with any part of the Invoice Data Summary Report, the PCA must immediately notify FSA. If changes are needed, FSA will send the contractor a corrected invoice.

The PCA must not invoice for a different amount than is stated on the Invoice Data Summary Report. If the invoice amount is different, the invoice will be rejected.

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 must e-mail the invoice to InvoiceAdmin@ed.gov, with "cc" copies to the FSA Contract Specialist, the Contracting Officer (CO) and the Contracting Office's Representative (COR) (s).

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

20.5.2 Proper Invoices

The PCA is responsible for ensuring that the invoice meets the requirements for a proper invoice.

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 PCA.
- (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 PCA for this contract.
 - 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) Date Voucher prepared or submitted
- (4) The contract (Task Order) number must be included on the invoice and be correct.
- (5) Name, title, and phone number of persons to be notified in event of defective invoice.
- (6) The period of time covered by the invoice, month and year.
- (7) The total amount of the invoice.

20.6 Commission on Compromises

Unapproved compromises are compromises where the PCA failed to properly document the compromise terms in DMCS, or send the appropriate compromise agreement letter. In these cases, the PCA will not receive a commission on the compromise payments and will be required to netback to FSA any amount of the compromise over and above the standard amount established by FSA.

Nonstandard Compromises - The PCA may, without prior approval from FSA, offer a borrower a compromise that goes beyond the current compromise standards set by the FSA. If the borrower

accepts the nonstandard compromise offer, the PCA is responsible for the netback difference between the nonstandard compromise and the applicable compromise standard set by FSA. The PCA must properly notify FSA when providing a nonstandard compromise. FSA shall reduce the PCA's commissions on any nonstandard compromise made by the PCA. In instances where the PCA offered a nonstandard compromise amount, the commission adjustment shall be based on the netback dollars to FSA.

20.7 Avoiding Adjustments

FSA realizes that downward adjustments can be problematic for its PCAs: the PCA has already paid a commission to its collector, but the adjustment is not made for several months—perhaps after that collector is no longer on the payroll.

Most adjustments result from refunds, and most refunds occur on rehabilitated accounts. The PCA can mitigate the effect in this instance by promptly stopping any preauthorized debts as soon as the loan is rehabilitated and/or by notifying the borrower to send future payments to his/her new federal loan servicer.

Finally, the PCA must conduct careful quality control of its own activities. FSA will reverse commissions or fees as appropriate in instances where the PCA is not in compliance with the contract or applicable laws and regulations. The PCA must notify FSA if they receive commissions or fees when not due.

20.8 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 FSA. Procedures for requesting adjustments are forthcoming.

21.0 SECURITY INCIDENT REPORTING

21.1 Incident Reporting Procedures For Perceived Threats

A threat is defined as someone threatening harm to himself/herself or someone else, a federal official or a federal facility. Upon receipt of a threat at an FSA owned or leased facility or a contractor site, the head of that facility or his/her designee should implement the following:

- The call taker should attempt to gather as much information as possible from the caller. (Who, What, Where, Why and When)
- The supervisor or designated representative should determine if the call is a threat versus a nuisance. A threat requires the immediate action listed below:
 - The PCA, following its own escalation procedures, must notify 911 or its local police department emergency phone number to report the threat. Note the time you made the call along with the call taker's operator number. If a police officer responds also note the time and ask them for their badge number.
 - If the facility that received the call is owned or leased by the federal government, contact Federal Protective Services (FPS) at the nationwide number 1-877-437-7411. Note the time you made the call along with the call taker's operator number. If a police officer responds also note the time and ask them for their badge number.
- Once law enforcement has been contacted, immediately contact the Office of Management Security Services (OM/SS) 24-hour Security Control Center at (202) 401-9038. PLEASE fill out the Department of Education's Threat/Incident form (see Appendix A) and e-mail it to the designated contacts at FSA (see 23.0 – CONTACTS).

OM/SS will follow up with local law enforcement as necessary.

Note: Please ensure all calls to law enforcement are placed through your local 911 systems, local emergency phone number and FPS nationwide number, as they are the only calls that are recorded daily and will provide a record for our follow-up.

21.2 Incident Reporting Procedures For Nuisance Calls

A nuisance caller is not initially reported to the local police. E-mail the designated contacts at FSA (see 23.0 – CONTACTS) to pass along the information you have gathered and send them the Threat/Incident Report form (see Appendix A) with all the information that you may have gathered about the nuisance caller. One of the Special Agents will contact you to discuss the situation.

21.0 - Appendix A – Security Incident Report

U.S. Department of Education Office Of Management/Security Services Threat/Incident Report TOS

<i>Receiver's Information:</i>			
1 Name: (Person Receiving the call)	2 Date and Time: (Call was received)		
3 Location: (Address where call was received)			
4 Phone Number: (That call was received on)	5 Phone Number: (To reach the call taker)		
<i>Borrower's Information:</i>			
6 Name: (Borrower's)	7 Phone Number: (On Record)		
8 Address: (On Record)			
<i>Caller's Information: (If different than the Borrower's)</i>			
9 Name: (Person making the Threat{s}) if unknown indicate "Unknown"	10 Phone Number: (Called from)		
11 Narrative: (Type exact wording) [use Continuation page if necessary]			
12 Local Police Contacted? (Check one)	Yes	No	
13 Notifications: (Everyone contacted in regards to this Threat including Local Police)			
Name:		Phone Number:	
a			

22.0 CONTACTS

22.1 FSA Contacts

For assistance from FSA, PCA staff may contact the FSA Contracting Officer (CO) and Contract Office Representative (COR). For account and process issues, the PCA may contact the designated FSA contacts listed below.

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

FSA CONTACTS for PCAs	
DMCS Technical Assistance	
Operational questions or Issues with the Debt Management Collection System (DMCS).	1- 888-291-2160 or DMCSHelpdesk@dmcs.ed.gov
Standard Processes	
Rehabilitation - Mass Rehab Payment Calculator	Submit via e-mail to Rosie Estrada (rosie.estrada@ed.gov). Must be received by close of business on the Friday preceding the bi-weekly exception sweep.
Litigation - Claims Litigation Report	For the Referring Agency Contact, please enter: Alberto Francisco (415) 486-5646 alberto.francisco@ed.gov
Signed "Acknowledgment of Certification Responsibilities" affidavits for consolidations	Submit to Lawannah Howell (lawannah.howell@ed.gov)
Staffing updates	
LVC - officials authorized to sign an LVC	Submit to FSA Contract Officer (CO)
System access	
Imaging systems: Nelnet Imaging System Navient Imaging System PHEAA Imaging System Great Lakes Imaging System Great Lakes Image Repository COD Direct Loan Images (directloanimages.ed.gov)	Contact FSA's Contracting Office's Representative (COR)
Pay.gov/TCS function	E-mail John Weaver (john.g.weaver@clev.frb.org) and copy Karen Buckler (karen.buckler@ed.gov).
Problems with Processing	

Fast-Track submissions – chronic delays	FSA consolidation liaison
Locating Promissory Notes - If the PCA concludes that the promissory note is not imaged in DMCS, the PCA may contact Greenville to request a copy of the document.	Request via e-mail at PCAProm@xerox.com. Include the debt number for the loan in question in your e-mail. Documents will be either e-mailed or sent overnight to the requestor. In urgent cases, the PCA may contact Vicky.France@xerox.com (903-454-5371) but only after first e-mailing PCAProm@xerox.com
Incarceration eIMFs not completed timely	Contact the loan analyst the eIMF was assigned to by email
“Web Complaint” information that does not show in DMCS	E-mail: FSAAtlantaContracts@ed.gov
Requesting updates on FSAs delayed response to a complaint	E-mail: FSAAtlantaContracts@ed.gov
Extensions for late compromise payments	Contact the Contracting Officer (CO) and the Contracting Office’s Representative (COR).
SCRA account that failed to recall	E-mail Eric Van Buren (eric.vanburen@ed.gov)
Questions about...	
Default Resolution Group responses to written correspondence	Contact the Contracting Officer (CO) and the Contracting Office’s Representative (COR) (s).
TOP Hearings	Contact a TOP Hearing Official at the Chicago Regional Office at (312) 730-1477.
TOP Hardship Claims	Contact DRG at 800-621-3115
SCRA accounts	E-mail Mike Bryant (michael.bryant@ed.gov) and Rosa Wright (rosalizes.wright@ed.gov)
Employers AWG order questions	(404) 974-9490 option 4
Invoices	
Invoices	E-mail to InvoiceAdmin@ed.gov, with “cc” copies to the FSA Contract Specialist, the Contracting Officer (CO) and the Contracting Office’s Representative (COR).
Monthly Reports	
Monthly Reports required by the PCA (e.g. Correspondence, Misdirected Payment) unless otherwise directed	Contact the Contracting Officer (CO) and the Contracting Office’s Representative (COR) (s).

22.2 Sensitive Inquiries

Call from the media	An email should be sent to the Contracting Officer (CO) and the Contracting Office’s Representative (COR).
Calls regarding Congressional Inquiries	An email should be sent to the Contracting Officer (CO) with

Calls from U.S. Attorneys or the Department of Justice	Refer caller to the U.S. Department of Education’s Office of General Counsel in the Division of Postsecondary Education, at (202) 401-8302.
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22.3 Payment Addresses

Payments from borrowers:	National Payment Center U.S. Department of Education P.O. Box 105028 Atlanta, GA 30348-5028
Payments sent by borrowers thru overnight services:	Bank of America C/O Dept. of ED-105028 1075 Loop Road Atlanta, GA 30337
Wage garnishment payment from employers:	National Payment Center U.S. Department of Education P.O. Box 105081 Atlanta, GA 30348-5081

22.4 Federal Consolidator Contacts

Federal Consolidator Name	Federal Consolidator Address	Federal Consolidator Point of Contacts
Nelnet	Direct Loan Consolidation 121 S. 13 th Street, Suite 201 Lincoln, NE 68358	(b)(4)
Great Lakes Educational Loan Services, Inc.	DL Consolidation Attn: Amber Haupt 2401 International Lane Madison, WI 53704	
FedLoan Servicing (PHEAA)	FedLoan Consolidation Department 1200 North 7 th Street Harrisburg, PA 17102	
Navient (formerly Sallie)	ED Loan Consolidation 11100 USA Parkway	

Mae)	Fishers, IN 46037	(b)(4)
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22.5 Security Incident Reporting Contacts

INCIDENT	REPORTING CONTACTS (See 22.0 – SECURITY INCIDENT REPORTING)
Perceived Threat	<ol style="list-style-type: none"> 1. Contact 911, local police, and/or Federal Protective Services. 2. Contact the Office of Management Security Services (OM/SS) 24-hour Security Control Center at (202) 401-9038. 3. Fill out the Department of Education’s Threat/Incident form and e-mail it to Special Agents Shepherd, Strambler, and Williamson at the following e-mail addresses: jerry.shepherd@ed.gov , christopher.strambler@ed.gov, and kevin.williamson@ed.gov.
Nuisance Call	<p>A nuisance caller is not initially reported to the local police. E-mail the Office of Management Security Services (OM/SS) Special Agents at jerry.shepherd@ed.gov, christopher.strambler@ed.gov, and kevin.williamson@ed.gov to pass along the information you have gathered and send them the Threat/Incident Report form with all the information that you may have gathered about the nuisance caller.</p>

APPENDIX – DMCS LETTERS

DMCS Letter Code	Legacy Letter Code	Short Title
AS01	Z01	TRANSFER OF NDSL FROM SCHOOL TO ED
AS02	W01	ACCOUNT ASSIGNED TO ECMC-NOTIFY TRUSTEE
AS03	A16	CLOSED SCHOOL NOTICE TO PAY 30-DAYS
BK01	A57	NOTICE BK NON-DISCHARGEABLE STUDENT LOAN
BK02	U33	LESS THAN 7 YRS BANKRUPTCY DENIAL
BK03	U48	STUDENT LOANS CANNOT BE DISCHARGED FOR BANKRUPTCY
BK04	U49	BANKRUPTCY -- DISCHARGE APPROVED
BL01	B00	MONTHLY BILL
BL02	A06	NOTICE TO PAY DEFAULTED DEBT IN FULL
BL03	A58	BALANCE STILL OWED AFTER TOP OFFSET
BL04	A59	STATEMENT OF AMOUNT OWED
CB01	W38	HOW TO DISPUTE A CREDIT ENTRY
CK01	X11	BOUNCED CHECK LETTER
CK02	X12	SECOND BOUNCE LETTER
CP01	M95	STATES COMPROMISE AGREEMENT TERMS
CP02	N02	REPAYMENT AGREEMENT / CONFIRMATION
CP03	N06	SPANISH VERSION OF CP02 (REPAYMENT AGREEMENT CONFIRMATION) LETTER
DE01	U10	REQUEST FOR VERIFICATION OF DEATH
DE02	U24	DEATH VERIFIED-FILES CLOSED
DG01	U51	DISABILITY -- CANCELLATION NOTICE
DG02	U85	NOTIFICATION OF POSSIBLE CLOSED SCHL DISCH
DG03	U86	NOTIFICATION OF POSSIBLE FALSE CERTIFICA
DG04	V01	DISABILITY - NOTICE OF ACCOUNT TRANSFER
DG05	V03	DISABILITY - PROCESS INFO, NO DECISION
DG06	V04	DISABILITY - DETERMINATION MADE
DG07	V51	DISABILITY DENIAL LETTER
DG17	M01	DISABILITY DENIAL
DG20	X47	NOTICE OF INELIGIBILITY FOR VETERANS DISABILITY DISCHARGE
DG56	V66	NOTICE OF DISCHARGE DUE TO TPD OF A VETERAN
DP01	V90	INTRODUCTORY LETTER – PREAUTHORIZED DEBIT PROGRAM
DP02	V91	ACCEPTANCE LETTER – PREAUTHORIZED DEBIT PROGRAM
DP03	V93	CHANGE OF AMOUNT AND DATE – PREAUTHORIZED DEBIT PROGRAM
DP04	V94	CHANGE OF BANK INFORMATION – PREAUTHORIZED DEBIT PROGRAM
DP05	V95	VOLUNTARY REMOVAL LETTER – PREAUTHORIZED DEBIT PROGRAM
DP06	V96	INSUFFICIENT FUNDS LETTER – PREAUTHORIZED DEBIT PROGRAM
DP07	V97	PAID-IN-FULL/REMOVAL LETTER – PREAUTHORIZED DEBIT PROGRAM
DP08	V98	INVOLUNTARY REMOVAL – PREAUTHORIZED DEBIT PROGRAM
DS01	U26	SETTLED IN FULL NOTICE
DS02	V60	CONGRATULATIONS - PAID IN FULL DUE TO CONSOLIDATION
DS03	U91	AUTOMATIC PAID BY CONSOLIDATION
DS04	U29	PAID IN FULL THROUGH LOAN CONSOLIDATION
DS05	U25	PAID IN FULL NOTICE
DS06	W00	SIF -- PENDING CLEARANCE OF PAY INSTR.
DT01	U58	DISPUTE FORM
ER01	U00	LETTER FOR SCHOOLS ABOUT NSLDS PROBLEMS
FS01	T14	NOTICE TO RESUME/RESTART SUSPENDED FSO

FS02	T33	FINANCIAL FORM TO ESTABLISH PAY PLAN
FS06	N/A	SIX MONTH RENEWAL FINANCIAL STATEMENT COVER LETTER
FS07	N/A	NEW REPAYMENT AGREEMENT SENT AFTER SIX-MONTH FS REVIEW
IC01	U52	REQUEST INCARCERATION INFO
IC02	U53	INCARCERATION INFORMATION REQUEST
LC01	W16	NOTICE OF LOAN CONSOLIDATION PROGRAM
OF01	N18	TOP 65-DAY NOTICE (ATL, CHI, SF)
OF02	N19	TOP 65-DAY NOTICE (NYC)
OF03	S18	TOP 65-DAY NOTICE (ATL, CHI, SF)
OF04	S19	TOP 65-DAY NOTICE (NYC)
OF06	A55	NOTIFICATION OF FEDERAL REVERSAL
OF30	U19	NOTICE TO REMOVE FROM TOP OFFSET PROCESS
OP01	N03	WELCOME LETTER - INITIAL CONTACT TO PAY DEBT
OP02	W18	Correspondence to Borrower [How to Resolve Default]
PC01	A95	ACCT RECALL FR CA-SERIOUSLY DELINQUENT
PI01	W41	GRAMM-LEACH-BLILEY PRIVACY ACT
PO01	N22	WELCOME LETTER - INITIAL CONTACT TO PAY DEBT (GRANT OVERPAYMENT)
PY01	A60	CONFIRMATION OF MONTHLY PYMTS RECEIVED
PY03	X15	ELECTRONIC PAYMENT THROUGH PCA FAILED
PY06		PAYMENT CENTER NOTICE TO SEND FUTURE PAYMENTS TO
RF01	U56	NOTIFIES BORROWER OF A CREDIT BALANCE
RF02	U59	NOTICE OF POSSIBLE REFUND
RF03	U96	NOTIFICATION - NO REFUND DUE
RF04	V48	REFUND CHECK TRACE REQUEST
RF05	V50	REFUND NOTICE TO PLACE OF EMPLOYMENT
RF06	U90	REFUND TICKLER-WHEN CREDITS NOT POSTED
RG01	A77	REHABILITATION REPAYMENT AGREEMENT - DIRECT
RG02	A90	FAILURE TO HONOR REPAYMENT AGREEMENT
RH01	V09	NONE PYMT FROM COMPLETING REHAB PROGRAM – NOT IN USE
RH02	V52	CONFIRMATION OF PERKINS LOAN REHAB – NOT IN USE
RH03	V54	SUCCESSFULLY REHABILITATED LOAN - CFS – NOT IN USE
RH04	V55	SUCCESSFULLY REHABILITATED LOAN - CSLF – NOT IN USE
RH05	W06	LOAN ACCEPTED FOR REHAB BY SALLIE MAE – NOT IN USE
RH06	W09	DESCRIBE REHAB REQUIREMENTS – NOT IN USE
RH07	W36	NOTIFY OF REHABILITATED DIRECT LOAN – NOT IN USE
RH08	W51	SUCCESSFULLY REHABILITATED LOAN - SUNTRUST – NOT IN USE
RH09	W91	# OF PAYMENTS FOR REHABILITATION REDUCED FROM 12 TO NINE – NOT IN USE
RH10	X10	REHABILITATION REPAYMENT AGREEMENT - FFEL – NOT IN USE
RH11	X45	CONGRATULATIONS - YOU HAVE SUCCESSFULLY REHABILITATED YOUR LOAN – NOT IN USE
RH12	X27	PERKINS REHABILITATION AGREEMENT – NOT IN USE
RH24		REHAB AGREEMENT LETTER
RI01	A61	RULES FOR REINSTATEMENT
RI02	U23	TITLE IV AID ELIGIBLE -- 6 CONS PAYMENTS
RS01	A65	TPD REPAYMENT LETTER
TF01	W37	RETURN A DIRECT LOAN ASSIGNED IN ERROR
TX01	U83	1098-E STUDENT LOAN INTEREST STMT
TX02	U18	1099C REPORTING IRS
VE01	U06	NEW ADDRESS FROM POSTMASTER
WG01	V08	NOTICE OF EXPIRATION OF SUSPENDED AWG

WG02	V29	AWG-PAID W/O SIGNED AGREEMNT
WG03	V30	NO FIN DATA-RFH-ED WILL PROVIDE HEARING
WG04	V31	NO FIN DATA-NO RFH-ED WILL AWG
WG05	V33	VPY REFUSED, NO RFH-ED WILL AWG
WG06	V34	VPY SIGNED BUT NO MONEY-ED WILL AWG
WG07	V35	VPY BUT NO MONEY-EXTENSION
WG08	V36	MONEY, NO VPY, NO RFH-ED WILL AWG
WG09	V39	MONEY BUT NO VPY, EXTENSION
WG10	V40	NO VPY-NO MONEY-NO RFH-ED WILL AWG
WG11	V59	FOLLOW-UP TO BORROWER UNDELIVERABLE REQUEST FOR HEARING
WG12	X19	BORROWER INDICATES HE/SHE WILL NOT HONOR THEIR AGREED TO REPAYMENT AGREEMENT
WG13	Y13	AWG LETTER/ORDER TO EMPLOYER - WITHHOLD SPECIFIC AMOUNT
WG14	T03	AWG FINANCIAL STATEMENT FORM & COVER
WG15	Y11	AWG LETTER/ORDER TO EMPLOYER - WITHHOLD 15%
WG16	Z31	SECOND ORDER FOR WITHHOLDING @ 15%
WG17	T07	NOTICE TO RESUME/RESTART SUSPENDED AWG
WG18	T09	NOTICE OF EXPIRATION OF REDUCED AWG PAYMENT
WG19	T12	NOTICE TO BORROWER PLAN TO WITHHOLD AWG AT 15%
WG20	U05	EMPLOYMENT VERIFICATION LETTER
WG21	V28	AWG-BALANCE UPDATE TO EMPLOYER
WG22	X89	NOTICE OF LATE PAYMENT OF EMPLOYEE WAGES
WG23	X18	APPROVED FINANCIAL HARDSHIP CLAIM-SUSPEND AWG
WG24	V13	NOTICE TO CANCEL REQUEST FOR AWG HEARING
WG25	V44	NO MONEY OR NO VPY OR BOTH-ED WILL AWG
WG26	V43	POST HRG MONEY BUT NO VPY-EXTENSION
WG27	V41	POST HRG VPY REFUSED-ED WILL AWG
WG28	V26	REQUEST FOR RECONS-DENIED PREV REVIEW
WG29	V25	REQUEST FOR RECONS-DENIED NO DOCS SENT
WG30	W32	NOTICE TO CANCEL WITHHOLDING OF WAGES
WG31	V58	NOTICE REGARDING TERMINATION OF WAGE GARNISHMENT ORDER
WG32	U93	FINAL PAYOFF LETTER
WG33	A91	FINAL AWG NPOTICE