

FedLoan Servicing Conversions

Revised January 21, 2010



Starting the Process: 45-Day Notice of Intent to Sell

- After the 45-Day Notice of Intent to Sell is assigned to PHEAA's FedLoan Servicing Division by the Department of Education, the following actions are taken to facilitate the conversion.
- FedLoan Servicing contacts the Seller to:
 - Confirm sale specifics
 - Establish testing scenarios
 - Develop timeline expectations
 - Verify contacts for the seller and/or the seller's servicer
 - Ask questions regarding data
 - Determine file-layouts for the conversion process

Starting the Process: 45-Day Notice of Intent to Sell - continued

- Seller/Seller's Servicer prepares test data for the Loan Transfer File and image files according to the required layouts
 - Testing must be completed by **fifteen business days** prior to the sale date
- Seller/Seller's Servicer transmits test files to FedLoan Servicing
- The files are processed and validated to ensure a smooth transition of data for the loan sale

Testing Scenarios: Prior to or During the 45-Day Notice Submission

- FedLoan Servicing is requesting a test file for data and images to be provided prior to or immediately following the 45-Day Notice submission
 - Fifty to 100 accounts in different statuses are requested on the test file
 - The test data is reviewed against system edits
 - Results are communicated with the seller
 - Subsequent test files may be necessary

Testing Scenarios: Prior to or During the 45-Day Notice Submission, continued

- **Scenario 1:** Header data requirements
 - Required fields are populated and valid
- **Scenario 2:** Valid Program Identifier
- **Scenario 3:** Test for common rejects
 - Loan program, first disbursement date, loan term begin or end date, final disbursement date, grade level, e-sign indicator and e-sign source (if indicator is provided), SSN, borrower name, CommonLine Unique ID/Sequence Number, guaranty date, and current principal balance

Testing Scenarios: Prior to or During the 45-Day Notice Submission, continued

- **Scenario 4:** Provide loans with current deferment or forbearance
- **Scenario 5:** Repayment schedules reflecting loans paid ahead, past due, and current accounts
- **Scenario 6:** Variety of repayment schedule types
- **Scenario 7:** Financial information with subsidized and non-subsidized interest paid through and accrued through days.

Testing Scenarios: Prior to or During the 45-Day Notice Submission, continued

- **Scenario 8:** Verify demographic detail on borrowers, endorsers, and references
 - Sellers and Servicers are reminded of the importance of providing accurate and complete address and phone information for borrowers, endorsers and references.
- **Scenario 9:** Provide loans on an Income Based Repayment Plan (IBR)

Lockdown: Nine Business Days Prior to Sale

- On the **ninth-business day** prior to the sale, the Seller sends the Loan Transfer File to FedLoan Servicing
 - **11 business days** for delinquent Conduit PUT loans
- An email confirming receipt of the file is sent to the designated parties
- Seller/Seller's Servicer transmits Loan Transfer File to FedLoan Servicing
- Loans are loaded into the FedLoan Servicing conversion module
- A report is provided to the Seller to resolve program eligibility and required field edits

Between Nine-Business Days and the Sale Date

- Loan Purchase Detail Schedule report and the Final Reject report are provided to the Seller for validation
- The Loan Purchase Detail Schedule report is returned with the Bill of Sale Packet on the **fifth-business day** prior to the sale
 - **7 business days** for delinquent Conduit PUT loans
- Seller/Seller's Servicer transmits Collateral to FedLoan Servicing and is verified against the loans
- Loans are validated and converted on the sale date
- FedLoan Servicing generates a Welcome Letter to the borrower confirming transfer for servicing and ownership (sent on sale date)

Between Nine-Business Days and the Sale Date - continued

- Seller/Seller's Servicer is required to provide collateral for each loan sold to the Department of Education
- Only one promissory note is required for MPNs
- Additional servicing history must be provided to FedLoan Servicing
 - Detailed in the Master Loan Sale Agreement
- Collateral and history documents
 - Images should be provided a minimum of **two business days** prior to the sale date
 - Paper documents should be provided a minimum of **nine business days** prior to the sale date

Post-Sale Financial and Non-Financial Changes

- Seller/Seller's Servicer is required to forward post-sale changes to FedLoan Servicing after the conversion date to maintain quality service during the transition.
- The Transmittal Advice Package should be sent to:
PutPayments@myfedloan.org
- The funds transfer information is provided on the next page.

Post-Sale Financial and Non-Financial Changes

ACH PAYMENT INSTRUCTIONS:

REX ACH Credit transactions should be processed in NACHA CCD or CTX formats. The format of PPD (non-commercial format) may be rejected by the Federal Reserve Bank of New York. The maximum dollar threshold that can be processed by ACH credit is \$99,999,999.99 at one time. There is no minimum.

Company Name	Name of Remitter
Company ID	Tax ID
Company Entry Description	Purchase of Student Loans
Settlement (Payment Date)	Date
Receiving Company ABA	051036706
Account Number	540037
Amount	Amount Due
Individual Ident Number	For example - Deal Number
Individual Name	Educate ALC 91020008

FEDWIRE PAYMENT INSTRUCTIONS:

The minimum dollar threshold for processing Fedwire is \$100,000.00. There is no maximum.

Type/Subtype Code	1000
Amount	Amount Due
Sender Financial Institution	Routing Transit # and Bank Name
Receiver Financial Institution	021030004 TREAS NYC
Beneficiary	91020008
Originator to Beneficiary Information	Example: Deal Number and Deal Example: Purchase Loans Serviced by PHEAA and Date of Sale



Post-Sale Financial and Non-Financial Changes

- In order to rectify overpayments to the Seller in a timely manner, the Seller and Seller's Servicer are requested to provide a name and address for an invoice to be sent on behalf of the Department.

Conversion Process Timeline

ID	Process Point							
1	45 Day Notice Received							
2	Testing with Seller (First Time Only) (Completed no Later than 15 Days Before Sale)							
3	File Received (9 Business Days from Sale)							
4	System Validated Against Data (Within 24 Hours of File Receipt)							
5	Data Files Uploaded to Asset Acquisition (Within 24 Hours of File Receipt)							
6	Pre-Sale Loan Reject Report to Seller (8 Business Days from Sale)							
7	Pre-Sale Reject Resolutions – Accounts Complete (7 Business Days from Sale)							
8	Final Reject Report & Loan Purchase Detail (6 Business Days from Sale)							
9	Bill of Sale Packet Received from Seller (5 Business Days from Sale)							
10	Collateral Received and Validated (2 Days from Sale)							
11	Processing of Records to Release to Servicing System (for Date of Sale)							

Conversion Process Timeline – Delinquent Loans

ID	Process Point							
1	45 Day Notice Received							
2	Testing with Seller (First Time Only) (Completed no Later than 15 Days Before Sale)							
3	File Received (11 Business Days from Sale)							
4	System Validated Against Data (Within 24 Hours of File Receipt)							
5	Data Files Uploaded to Asset Acquisition (Within 24 Hours of File Receipt)							
6	Pre-Sale Loan Reject Report to Seller (10 Business Days from Sale)							
7	Pre-Sale Reject Resolutions – Accounts Complete (8 Business Days from Sale)							
8	Final Reject Report & Loan Purchase Detail (7 Business Days from Sale)							
9	Bill of Sale Packet Received from Seller (5 Business Days from Sale)							
10	Collateral Received and Validated (2 Days from Sale)							
11	Processing of Records to Release to Servicing System (for Date of Sale)							

Technical Information

- There are several files that will be used in conjunction with the Seller's Packet to provide the technical details necessary to successfully convert loans to the FedLoan Servicing system. Use the contact information on the following page for additional information.
- These files can be found as attachments to EA68 at:
www.federalstudentaid.ed.gov/ffelp
 - Loan Transfer File Format
 - Loan Transfer File Change Log
 - Imaging Specification
 - Questions and Answers

Good-bye Letter Information

Servicer Name	FedLoan Servicing
Phone Number:	800-699-2908
Payment Address:	Department of Education FedLoan Servicing P.O. Box 530210 Atlanta, GA 30353-0210
Correspondence Address:	FedLoan Servicing P.O. Box 69184 Harrisburg, PA17106-9184
Web Address:	www.myfedloan.org
Begin Accepting Payments:	Date Loan is Converted

Contact Information

FedLoan Servicing Conversions

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717-720-2711