



UPDATE

AMS Servicing Group

Winston-Salem, NC

June 30, 2002

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Holiday Schedule:
Thursday, July 4th

(System IIISM will be available during normally scheduled hours.)

INSIDE AMS Servicing:
Debra Hester, Asset Management Coordinator

Visit our Web site at www.amsservicing.com
for up-to-the minute publications, forms, and information.

New Customer Joins our Team

AMS Servicing Group is pleased to welcome **Alvernia College** as our newest customer. Located in Reading, PA, Alvernia is committed to “*Skills* for the workplace, *Values* for life.” Alvernia College is a Catholic school whose focus is “To Learn To Love To Serve.” For more information, visit their Web site at www.alvernia.edu.

**NEW
CUSTOMER**

Total & Permanent Disability Discharge Procedures Revised

The Department of Education (ED) has published a new *Dear Colleague Letter*, which discusses regulatory changes for total and permanent disability discharges in the Federal Perkins Loan, FFEL, and Direct Loan programs. Although final regulations were published on November 1, 2000, with some provisions going into effect on July 1, 2001, most of the regulatory changes become effective July 1, 2002. This letter provides guidance to Perkins school lenders, FFEL lenders, and guaranty agencies on the new procedures for processing total and permanent disability discharge requests.

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Although the procedures are very detailed, ED has not yet issued guidance on how the loans will be reported at year-end. AMS Servicing Group will keep you posted on future guidance we receive. You may obtain the *Dear Colleague Letter* on the New

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Total and Permanent Discharge Procedures at: <http://www.ifap.ed.gov/dpcletters/CB0208.html> or <http://www.ifap.ed.gov/dpcletters/GEN0203.html>

A summary of the changes follows:

Definition of Total and Permanent Disability (Section 674.51)

Old definition: The inability to **work and earn money or to attend an institution** because of an impairment that is expected to continue indefinitely or result in death.

New definition: The condition of an individual who is **unable to work and earn money** because of an injury or illness that is expected to continue indefinitely or result in death.

The final regulations eliminate the requirement that the individual be unable to attend school from the definition of “total and permanent disability.”

New Total and Permanent Disability Discharge Application

ED just released a new application form for Total and Permanent Disability (CB-02-09/GEN-O2-04). Perkins lenders are now required to use OMB Form number 1845-0065 for any total and permanent disability requests on or after July 1, 2002. This form was designed to be used on Federal Family Education loans and William D. Ford Direct loans as well. You may download the new form at: <http://ifap.ed.gov/dpcletters/CB0209.html>.

Perkins Loan Discharges (Section 674.61)

Once the institution of higher education holding the borrower’s loan determines that the physician’s certification meets the requirements for a total and permanent disability

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ity discharge, it must assign the loan to ED and notify the borrower of the assignment.

Schools will submit the loan to ED on the new ED553 Form published in *Dear Colleague Letter CB-02-05* along with a completed *Loan Discharge Application: Total and Permanent Disability*, signed by both the borrower (or the borrower's representative) and the borrower's physician.

The new Loan Discharge Application is available from our Web site at www.amsservicing.com and from:

<http://ifap.ed.gov/dpcletters/attachments/GEN0204AttTPDForm.doc>
<http://ifap.ed.gov/dpcletters/attachments/GEN0204AttTPDForm.pdf>

If ED approves the discharge request, it will notify the borrower that the loan will be in a conditional discharge status for up to three years from the date the physician determined the borrower became totally and permanently disabled. Any payments received by the institution, from or on behalf of the borrower, must be forwarded to ED, and the institution must notify the borrower that there is no obligation to make payments while the loan is in the conditional discharge period, unless the Secretary directs the borrower otherwise.

Three-Year Conditional Period after Assignment to ED

Once the loan is assigned, ED is responsible for determining if the disability discharge should be granted or if loan collection should resume.

During the three-year conditional period, ED will determine if the borrower remains eligible for a disability discharge and suspend repayment of the loan. To determine if a borrower is eligible for the disability discharge, ED will examine two factors:

- (1) whether 100 percent of the borrower's annual earnings exceed the poverty level for a family of two; and
- (2) whether the borrower received a new loan under the Perkins, FFEL, or Direct Loan programs, except for a FFEL or Direct Consolidation loan that does not include any loans that are in a conditional discharge status.

If the borrower meets either of these two requirements, his or her loan will not be discharged.

If ED determines a borrower is not eligible for a disability discharge during the conditional period, it will resume collection of the loan. The borrower, however, will not be

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responsible for any interest that accrued on the loan during the suspension period. If the borrower meets the disability discharge requirements in the regulations, the loan is then discharged, and any payments made after the physician's determination will be returned to the borrower.

Eligibility for Additional Title IV Loans (Section 674.9)

The final rule allows a borrower who had a previous loan under a Title IV loan program completely discharged to receive another Title IV loan only if:

- (1) the physician certifies the borrower is able to engage in substantial gainful activity;
- (2) the borrower acknowledges that neither the conditionally discharged loan nor the new loan could be discharged on the basis of a pre-existing impairment, unless the impairment substantially deteriorates; and
- (3) the borrower
 - a) had a previous Title IV loan discharged due to total and permanent disability on or after July 1, 2001 but before July 1, 2002;
 - b) meets the first two requirements mentioned; and
 - c) reaffirms the previously discharged loans if the borrower received another loan within three years of becoming totally and permanently disabled.

In addition, the final regulations allow a borrower who has loans in conditional discharge status to receive another Title IV loan only if:

- (1) the physician certifies the borrower is able to engage in substantial gainful activity;
- (2) the borrower acknowledges that neither the conditionally discharged loan nor the new loan could be discharged on the basis of a pre-existing impairment, unless the impairment substantially deteriorates; and
- (3) the borrower signs a statement acknowledging that collection activity resumes on any loans in a conditional discharge period.

Service Cancellation Reimbursement and Payment Letter

Dear Colleague Letter CB-02-07 provides a series of questions and answers about the payment letter and worksheet for reimbursement(s) of the Perkins Loan Service Cancellation that was sent to institutions on May 24. The Service Cancellation areas under the Federal Perkins Loan Program are: Teacher, Military, Volunteer, Law Enforcement, Child/ Family/Early Intervention, Nurse and Medical Technician.

On June 30 of each year, AMS Servicing Group provides our customers with the amounts that are eligible for reimbursement. You can find this information on your

The mission of AMS Servicing Group is to provide high quality, accurate, and effective processing services in response to the needs of our customers. We strive to consistently provide superior service and innovative solutions at a competitive price.

Fiscal Operations (FISCOP) Report. The “Cost of Principal” and “Interest Cancelled” in the above categories are eligible for reimbursement. Keep in mind that because of insufficient funds in the fiscal year 2002 appropriation, your school will receive less than 100 percent of the reimbursement. You may view this Q & A at: <http://www.ifap.ed.gov/dpccletters/CB0207.html>.

HPSL/NSL/LDS/PCL Promissory Notes

Thanks to your suggestions, we have added the promissory notes for the Health Profession, Nursing, Loans for Disadvantaged Students and Primary Care Loans to our website. You may download these forms by accessing:

<http://www.amsservicing.com/forms.asp>.

You can also obtain these forms and other helpful information on the Division of Health Careers Diversity and Development Web site at: http://bhpr.hrsa.gov/dsa/school_docs/index.htm.

FED UP Bill Introduced

Early this month, leaders of the House Education and the Workforce Committee announced the introduction of a bill addressing technical amendments to the Higher Education Act of 1965 as amended (HEA). The legislation is a result of Howard P. “Buck” McKeon’s (R-CA) FED UP project which incorporates a long list of common-sense technical changes. David Sheridan, Dean of Enrollment at Stevens Institute of Technology said, “FED UP is an example of how government should work.” Specifically, the FED UP legislation:

Helps ensure students receive student loan funds quickly. Extends two provisions set to expire on September 30 that provide an incentive for institutions to keep their default rates low and allow students to receive loan funds faster. (Currently, schools with default rates under 10 percent for three consecutive years may waive the 30-day delay on providing loans to first-time borrowers who are first-year students. Schools that meet this low rate also may request one-term loans in a single disbursement, rather than the required multiple disbursement.)

Helps students avoid defaulting on their student loans. Removes barriers to students seeking forbearance from lenders on student loan payments by eliminating the requirement that new agreements between lenders and borrowers be in writing (however, lenders must provide notice to borrowers of the terms of any new agreement). “Forbearance” is a process by which a borrower who is having temporary difficulty meeting his or her repayment obligations can contact the lender, explain the situation, and obtain some form of relief – possibly in the form of an extension, reduced monthly payments for a period of time, no payments for a short time, or other options. The FED UP change will provide relief to student borrowers to help keep them out of default and make it easier for lenders to react more quickly to students’ needs.

Makes clear that federal scholarship aid can go to low-income and minority students for law school. Allows the U.S. Department of Education to provide scholarship aid to low-income and minority students to prepare for and

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attend law school, which is not currently mentioned specifically as an allowable use in the Higher Education Act.

Makes clear that home-schooled students can receive federal student aid. Clarifies that home-schooled students are eligible for financial aid for higher education.

Eases aid requirements for America's Hispanic-Serving Institutions (HSIs). Allows Hispanic-Serving Institutions (HSIs) to apply for federal HSI grants without waiting two years between applications. This provision complements President Bush's FY2003 Budget request, which includes \$89.1 million (an increase of \$3.1 million) for the Developing Hispanic-Serving Institutions program to expand and enhance support for postsecondary education institutions that serve large percentages of Hispanic students to help close the gap between Hispanic students and their peers.

Improves flow of information to students. Expands the use of technology to provide information, such as voter registration material, directly to students in a timely manner.

Protects students' grant aid upon withdrawal. Clarifies parts of the "return of Title IV funds" policy to better protect students' grant aid when he or she withdraws from a college or university.

Corrects a drafting error in current law that mistakenly prevents students attending nonprofit foreign veterinary schools from completing their education by making them ineligible for the Federal Family Education Loan (FFEL) program.

Encourages higher education institutions to use technology in their reports to the federal government, including teacher quality reports.

Allows financial aid professionals to use "professional judgment" in reevaluating a student's financial need when the student is a ward of the court.

**EDUCATION
DEPARTMENT
UPDATE**

Federal School Code File for 2003-2004

The Federal School Code (FSC) List is being updated for the 2003-2004 processing cycle. Institutions should confirm that their school name and address are listed correctly in the Federal School Code file. Institutions must respond no later than July 16, 2002 if they want to change how they are listed in the Federal School Code file for 2003-2004. Please refer to <http://www.NASFAA.org/publications/2002/rfedschoolcode061102.html> for further information.

Draft 2003-2004 FAFSA Now Available

On June 11, 2002, ED posted a draft copy, dated May 1, 2002, of the 2003-2004 FAFSA at <http://www.ifap.ed.gov/fafsa/0304DraftFAFSA.html>. Comments are requested by August 9, 2002. In addition, the Secretary seeks comments on ways to further simplify the FAFSA form and reduce burden hours, including removing,

replacing, or combining data elements. The Secretary also is considering additional skip logic to incorporate the simplified needs test and automatic zero expected family contribution to the FAFSA on the Web product and is requesting comments regarding adding this functionality.

SAIG Network Password Expiration

The SAIG mailboxing system has been upgraded to enforce the existing 120-day network password expiration period. EDconnect users will receive a warning message during log-in when their user password will expire, but a warning about network password expiration dates is not yet implemented. For Mainframe and Midrange EasyAccess Client users, individuals will receive a warning message. ED encourages users to change their password prior to the expiration date to avoid log-in problems and receiving error messages. You can get additional information at <http://www.ifap.ed.gov/eannouncements/0531expirationmessageforSAIGusers.html>

USA Patriot Act Results in Amendments to FERPA

ED's Family Policy Compliance Office recently issued "Guidance on FERPA and Anti-Terrorism Activities." In addition to explaining how existing FERPA requirements apply in the context of anti-terrorism activities, the guidance also introduces several significant changes to FERPA that were effective on October 26, 2001, when the USA PATRIOT ACT of 2001 was signed into law.

More information is available at: <http://ifap.ed.gov/eannouncements/attachments/0412FERPA.pdf>.

Loan Consolidation-The Time is Right!

Over the last year there has been much attention paid to loan consolidations. As a result of reduced interest rates, there has never been a better time for borrowers to consolidate their Federal student loans (Stafford - Subsidized and Unsubsidized, Federal Direct, and PLUS). The interest rates have dropped so significantly that it may now make sense for borrowers to consolidate their Perkins loans. We have seen a tremendous increase in the number of consolidations processed for your Perkins borrowers. **Effective July 1, 2002, the interest rates may be as low at 3.96%!**

AMS offers a loan consolidation counseling service. You may have noticed the brochures we included with the exit interview packages this spring and the information that has been included with other *Updates*. Because you are an AMS Servicing Group customer, we are able to offer you a **free** loan consolidation counseling service.

Letters have been sent to each of our customers with more detail regarding this program. We are eager to help you and your borrowers by offering this consolidation service.

How does this work? The AMS counseling center will contact your borrowers on your behalf, indicating we are working in partnership to help them choose whether or not loan consolidation is the right decision. The counselors are trained in helping borrowers understand the complex nature of their loans.

LOAN CONSOLIDATION

LOAN CONSOLIDATION (Continued)

Will my borrowers lose their Perkins benefits? The counselors are trained to understand the Perkins regulations. Though a borrower no longer retains the benefits of a Perkins loan, the counselors will discourage a borrower from including the Perkins loan if they are eligible for an entitlement, such as teacher or law enforcement cancellation. The borrower may choose to not include the Perkins loan in the consolidation, but probably has several other loans that may make sense to consolidate.

What are the other benefits? When your borrowers consolidate, the proceeds of the loan return directly to your Perkins fund, allowing other students to reap the benefits of this loan program. And, you are no longer billed for loans that consolidate. That results in a savings in your monthly invoice.

What's the catch? There is no catch. Borrowers call us and ask questions about consolidation. And we know borrowers are consolidating through other lenders. We would prefer that your borrowers have a positive consolidation experience. We can call them directly and provide that experience.

What are the other benefits?

Consolidation helps borrowers meet their monthly obligations more consistently. For many borrowers, the low monthly consolidation payments help them maintain a good loan payment record.

Consolidating now will save your students/alumni hundreds of dollars in the long-run. Our consumer awareness initiative informs your students/alumni of the potential savings of locking in today's low rates for the life of their consolidation loan.

Consolidation is free. We never charge your students a fee for consolidating. There is no credit check or collateral requirement, and consolidation is available regardless of income or assets.

For more information, please contact Betsy Burton at 1-800-458-4492 x2009 or bburton@amsweb.com.

ARCHIVE ENHANCEMENTS

Archive Criteria and Process Enhanced

AMS Servicing Group provides an archive service to customers that allows closed loans to be removed from the active database. System III will archive loans if the following criteria are met:

1. Loan status 90 (paid-in-full). The reprocessing date, paid-out date, and the last monetary date are all over twelve months in the past.
2. Loan status 91 (disability cancellation), 92 (bankruptcy cancellation), or 96 (death cancellation). The reprocessing date, paid-out date, and the last monetary activity date are all over two years in the past.

ARCHIVE ENHANCEMENTS (Continued)

3. Loan status 94 (automatic write-off) or 95 (manual write-off). The reprocessing date, paid-out date, and the last monetary date are all over five years in the past.
4. All year-to-date paid fields are equal to zero.
5. Calendar year interest paid is equal to zero.

Note: Loans are archived on the borrower level. Therefore, all loans for a borrower must meet the above criteria before any loans for that borrower will be archived.

Once loans are selected for archive and the archive process is completed, this loan information is removed from the active database and stored in an archive file. If loan information is requested for an archived borrower's loan, System III provides an informational message stating "Borrower archived on MM/DD/YY." In order to view more specific loan information on System III, the loan must be retrieved from the archive file. If you need additional information regarding this process, please contact your Customer Service Representative.

Audit Report Available Soon

Our third-party compliance audit prepared by PricewaterhouseCoopers, LLP for the fiscal year ending June 30, 2002 is almost completed. We expect the audit report to be available in August. You may request a report now by completing the attached order form, and we will mail it when it is available. The audit report costs \$75 and is available in CD-ROM or paper format. We will mail you the report on CD-ROM unless you specify otherwise.

AUDIT REPORT

➤ **ATTACHMENT:** *Audit Report Request Form*

A Customer Success Story...

Vassar College, located in Poughkeepsie, NY, converted to AMS Servicing Group in July 2001. Before their conversion, they faced a tough situation. They had new staff in the Perkins office, and their servicer wouldn't come on campus to provide training or even return their phone calls. Basically, Vassar wasn't getting the help they needed. It is difficult to understand the complex provisions of Federal loan programs, especially without the support of your servicer.

SUCCESS STORY

Pat Trocino, Student Loan Coordinator, placed a call to Dutchess Community College and spoke with Catherine Chang. "Help!" Catherine told Pat that their servicer, EFG Technologies (now AMS Servicing Group), was providing a training program the next week. Even though Vassar wasn't a current customer, she felt the discussion would be relevant for them. Pat attended the meeting and realized that we were the kind of servicer she needed.

Pat had a chance to talk with Catherine, as well as the folks from Marist College, and our other customers. She felt right at home with our staff at the training sessions as well as our processes and was eager to make a switch. A few months later Vassar began the conversion process, and they just celebrated their one-year anniversary.

SUCCESS STORY (Continued)

Conversations with Dutchess and Marist College helped make life easier for Vassar. And, those schools now have another local colleague with whom to share ideas. Our customers are our best sales agents. Do you have industry colleagues that need our help? Don't hesitate to tell them about us! AMS Servicing Group may be just the solution they need.

PROCESSING TIP

Processing TIP

Because so many of our customers use DataLink now, we are incorporating *System III Processing Tips* into the *Update* rather than publishing them quarterly in *System III Connection*. This *Processing Tip* focuses cohort messages on the system.

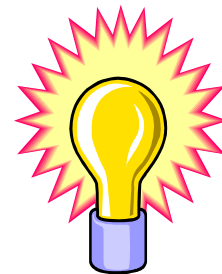
Another cohort year has come and gone. Now is a good time to remind you about the **cohort messages on the system**. The **LN5** screen, second column, provides you with the **DFLT RPMT FLAG** and **COHORT DFLT YEAR**.

The flag provides you with the cohort indicator for the year in which the borrower was included in the cohort category. For example, if the **DFLT RPMT FLAG** is **Y1** and the **COHORT DFLT YEAR 2000**, this means the borrower was

included in the numerator of the cohort default rate as of June 30, 2000. Any **DFLT RPMT FLAG** codes that start with **Y** indicate the loan negatively affects the cohort default rate. Any **DFLT RPMT FLAG** that is blank, or starts with **N** means the loan is not negatively affecting the cohort default rate.

In addition to finding the cohort default indicator on **LN5**, you will see the **COHORT** or **PROJ-C** in bold letters immediately below the demographics on **MAIN** and all of the **LN** screens. **COHORT** means the borrower is included in your cohort population for the current year. **PROJ-C** means the borrower is projected to be in your cohort population during the next cohort year.

Processing Tip



ENHANCED SERVICE

Stop Filing and Start Dialing AMS Servicing Group

If you're a one person shop or a Perkins loan manager with limited resources, you owe it to yourself to check out **Enhanced Service**, a new level of loan management beyond Full Service. In addition to the benefits of Full Service, we provide the following:

- Storing borrowers' promissory notes and other critical loan documents.
- Counseling borrowers who are having difficulty making payments.
- Managing your *NSLDS Load Error Report*.
- Placing loans with designated Collection Agencies.
- Assigning loans to ED.
- Reviewing borrower credit balances and issuing refund checks.
- Skip tracing borrower addresses.
- Processing credit verification and loan consolidation requests.

To find out who will be managing your files when you choose Enhanced Service, please check out this month's *Inside AMS Servicing* profile on Debra Hester, Asset Management Coordinator for our company. For more information on Enhanced Service, please contact your School Relations Coordinator.

Update Survey Results

In January 2002, we asked *Update* readers to evaluate the *AMS Servicing Group Update Newsletter*, and the results have been excellent. Of the 40 responses we received from this initial survey and later from conference participants, all said they always or usually found the *Update* useful, 93% always or usually read printed copies of the *Update*, and 10% always or usually read it online (sometimes in addition to reading the printed copy). We asked participants what they wanted to read more about in future issues, and 75% wanted more regulatory and Education Department information, 57% wanted more *How To* features, 45% wanted more information on new products and services, and 20% wanted to read more about our staff.

We will use these results to plan future editions of the *Update*. Although many readers prefer to read printed versions of the *Update*, we also hope to increase online readership. The Web version is available up to a week earlier than the printed version; articles are often linked to the other pertinent Web pages, forms, and e-mail addresses; and the Web version provides a more dynamic presentation for readers. In case you ever misplace your printed copy, you can always print another from the PDF files that are available on our site. Our web address is www.amsservicing.com.

Many thanks go to our customers who shared their opinions with us. Please feel free to contact Carolyn Williams, *Update* Editor, at cwilliams@amsweb.com with any additional comments or suggestions you might have about our publication.

Register Now for Student Loans 101

Space is still available in AMS Servicing Group's *Student Loans 101: Learning for the Student Loan Novice* workshop scheduled for **July 29-30, 2002** at our offices in Winston-Salem, North Carolina. If you can't sign up for this workshop, another session will be offered on **September 16-18, 2002**. The hands-on, two-day workshop is intended for loan administrators who are new to AMS Servicing Group or new in their positions. The workshop will cover how to use AMS Servicing Group reports, how to access reports on line, and topics such as cohort, rehabilitation, and the regulations behind them. Seating is limited to 10 participants per session.

To register for the workshop, complete the registration form found at <http://www.amsservicing.com/FAO/conferences.asp>, check the box for the appropriate dates, and submit the form to us as soon as possible. Please wait for a confirmation from School Relations before making any travel arrangements. We are also developing an advanced class for experienced customers to debut in October. This class will focus on true-life scenarios and provide realistic training examples. The workshop also will cover more advanced transactions that can be processed on System III via *WebConnect*, as well as advanced tools available with *DocumentDirect*. Look for details in future *Updates*.

SURVEY RESULTS

STUDENT LOANS 101

REGIONAL MEETINGS

Regional Meetings Scheduled

We are looking forward to holding Regional Meetings in Seattle at the **University of Washington** on July 23 and **Brandeis University** in Boston, MA, in October. Other meetings are planned for Columbia, SC, and Florida. If you are interested in hosting one of these open dates, please contact your School Relations Coordinator.

CONFERENCES

Conference Schedule

AMS Servicing Group will be represented at the COHEAO mid-year conference on August 4-6, which will be held at the Allerton Hotel in Chicago, Ill. For more information, visit: www.coheao.com.

Betsy Burton, Market Development Director, will be presenting a panel discussion on "A View from the Membership: How to Streamline and Update the Federal Perkins Loan Program."

CUTOFF DATES

Cutoff Dates

The cutoff dates for July and August are listed below.

Transaction	July 2002	August 2002
Last day to receive collection payments	07/26/02	08/27/02
Last day to receive regular payments	07/29/02	08/28/02
Last day for online payments	08/02/02	08/30/02
Date final post begins	08/02/02	08/30/02
Report date used for final post	07/31/02	08/31/02
Last day deposits created for deposit to bank account	07/31/02	08/30/02

FUN FACT



Fun Fact

Did you know that we process over 300,000 accounting entries each month!

It's a good thing that System III performs these transactions automatically!



AUDIT REPORT REQUEST FORM



Yes, I would like to receive the June 30, 2002 Audit Report.

(We will automatically ship you a CD unless otherwise specified.)

Please send _____ copy(ies) in CD-ROM format.

_____ copy(ies) in paper format.

The cost for each report is \$75.00.

Mail to: _____

Contact name: _____

Address: _____

City/State/Zip: _____

Telephone: _____

School name: _____

Authorized Signature: _____ Date: _____

Please return to:

School Relations Assistant
AMS Servicing Group
P.O. Box 3176
Winston-Salem, NC 27102-3176

How 10

Reconcile Accounting and Cash Activity Reports with Bank Statements

Bank Account Balance	\$
SUBTRACT interest earnings	\$
deposits unrelated to borrower payments received by AMS Servicing Group	\$
last month's deposits from AMS Servicing credited to bank account this month	\$
Total deductions	\$
ADD miscellaneous service charges	\$
ACH and wire transfer charges	\$
check printing charges	\$
this month's deposits from AMS Servicing to be credited to bank account next month	\$
Total additions	\$
BALANCE	\$
Cash Deposited by AMS Servicing Line 1.A. less 1.B. on the Accounting Report or the grand total of cash from the Cash Activity Report, Summary Totals - Cash page.	\$

Reconciling your bank statements with AMS Servicing Group's *Accounting* and *Cash Activity* reports is essential to proper management of your loan portfolio. Here are steps you may take to successfully complete the task.

1. Compare daily deposits.

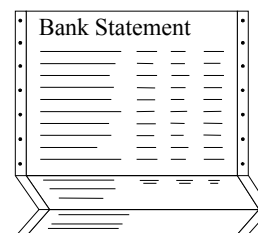
On the *Cash Activity Report*, you will need to compare **Summary Totals — Cash** to the daily deposits described in your bank statement. If needed, a detailed listing of each day's payments also can be found within the *Cash Activity Report* and the *Accounting Report* supporting detail.

You may find that deposits made by AMS Servicing Group on the last two or three days of the month (as shown on the *Cash Activity Report*) are not listed on your bank statement.

The credit for these payments will be posted to your bank account during the first two or three business days of the next month.

2. Record missing deposits. You will need this information to balance with AMS Servicing Group's *Accounting Report* and/or *Cash Activity Report*. You may also need to account for the previous month's reconciliation items, such as deposits made by AMS Servicing Group at the end of the previous month which are on your current month's bank statement.

3. To reconcile the bank statement to AMS Servicing Group's accounting records, you will also need to take into account the items unrelated to borrower payments, such as service charges, interest earnings, and previous reconciling items. See the box on page 1 for a suggested procedure.



4. If your institution sends noncash payments to AMS Servicing Group (either by payment transmittal or by posting payments online) and makes the corresponding deposits in this same bank account, the deposits shown on the bank statement must reconcile to both the cash and noncash entries reported by AMS Servicing Group.

You will be able to identify AMS Servicing Group deposits (or debits) by the message describing the transaction on your statement. The message will include at least:

- √ Source (AMS Servicing Group);
- √ Entry Description (System IIISM system);
- √ Identification (Program Number).

The message also may provide the transaction date (Post date on System III) or school name or both.

5. Cash and noncash entries may be reconciled separately. Use the above description to identify the deposits made by AMS Servicing Group. The deposits you made for borrower payments received at your institution can be checked against the **Summary Totals--Noncash** on the *Cash Activity Report*.



6. Customers who send noncash payments to AMS Servicing Group also will have to reconcile noncash payment reversals against the debits reported on the bank statement, following the procedure suggestions in Number Three above.



**Need more information?
Call your Customer Service Representative.**

Visit us at www.amsservicing.com

Debra Hester

Going the Extra Mile

Working in the vault of a financial institution with the sole responsibility for maintaining and retrieving tens of thousands of files might not seem like the ideal job to some people, but to Debra Hester, Asset Management Coordinator for AMS Servicing Group, the job could not be more perfect. She loves the opportunity the job gives her to excel in maintaining an orderly environment where she can locate any file within minutes and be assured that every piece of paper is where it is supposed to be.

The vault, where Debra has worked for most of the last 15 years, is extremely important to the company, borrowers, and customers. Although the vault primarily holds collateral associated with private loans, it is a repository for an increasing number of records belonging to campus-based customers who now contract for Enhanced Service. As part of providing complete loan management services for these customers, AMS Servicing Group maintains the loan collateral for all their borrowers in our vault. The Records Management team which consists of Micrographics and the Vault, provides initial file/document review, filming, check-in, and reconciliation.

Debra is responsible for filing all the records, tracking and maintaining these files, and returning Paid-in-Full promissory notes to the borrowers after the loan is repaid. Rather than sitting dormant in a folder, loan records often must be retrieved for a lender, collection agency, or an auditor or must be pulled to record an address change or find a reference. When a document comes out, it must be put back in the right file.

Debra performs these duties with strict attention to detail. "It would be so easy to misfile a document, if you were not careful. Once a document goes into the wrong folder, it might be very difficult to find. I never want to give anyone a reason to second-guess me or to check behind me. I want my work to stand for excellence. If my name goes on it, I want it to be right."

Debra feels customers really benefit from having AMS Servicing Group maintain their records. Documents in our vault are safe from fire and theft, and customers only have one person to contact about retrieving a document. Although Debra has a back-up, she wants to be consistently available to customers so she only schedules a couple of days of vacation at a time.

Debra Hester

"I want my work to stand for excellence. If my name goes on it, I want it to be right."



Debra says in all sincerity, "It is an honor and a privilege to work for AMS Servicing Group. I really look forward to coming here everyday."

Mark Bondurant, Manager of Private Loans, has nothing but praise for Debra's work. "She understands the risks and liabilities associated with maintaining loan collateral and that these collateral documents represent assets. Debra has consistently demonstrated dedication and an extremely high level of personal responsibility to her functions to ensure proper safekeeping and handling of the collateral. There's an old saying about going the extra mile. Well, it can be said of Debra that she goes the extra mile."

Debra goes that extra mile in her private life, too. A widow, Debra, is extremely committed to and proud of her two sons, Donnie, age 25, and Chad, age 19, who are both students at a local community college. Debra is also very involved in her church, where is president of the women's auxiliary. She also loves being outdoors, and makes the most of every opportunity she can to enjoy to the mountains and nature. Debra's motto is "Make every day count," and she does, both on and off the job.