



# UPDATE

**EFG Technologies**

**Winston-Salem, NC**

**March 31, 2002**

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**Monday, May 27  
Memorial Day  
(System III<sup>SM</sup> will be  
available during  
normally scheduled  
hours.)**

**INSIDE EFG Technologies:  
Sharon Cameron, Audit and Compliance Specialist**

**Visit our Web site at [www.efg.net/efgtechnologies](http://www.efg.net/efgtechnologies)  
for up-to-the minute publications, forms, and information.**

### **Cameron Receives Anne-Marie Miller Service Excellence Award**

On February 22, 2002, Sharon Cameron received the Second Annual *Anne-Marie Miller Service Excellence Award* in a special ceremony at our office. Anne-Marie Miller, who retired from our company as Director of Compliance and Government Relations in 2000, returned to present her namesake award to Sharon, a long-term friend and colleague. In the presentation ceremony, Paul Lombardo, Executive Vice-President of EFG Technologies, cited Sharon's "commitment to excellence, persistence, ability to overcome obstacles, and self-direction in carrying out her duties" as reasons for selecting her for our company's most prestigious award. A 28-year veteran of the company, Sharon recently transitioned from her role as a School Relations Coordinator to a new position as an Audit and Compliance Specialist. Read more about Sharon's life and times in this month's *Inside EFG Technologies*.

**SERVICE  
EXCELLENCE  
AWARD  
PRESENTED**

### **Bush Proposes Level Funding for Title IV Programs for FY 2003**

The Bush Administration's budget request, presented to Congress last week, proposes maintaining the Pell Grant maximum at \$4,000, although the cost for the program is expected to rise due to a greater number of recipients. Under the president's proposal, most of the Title IV federal student assistance programs will remain at this year's funding levels.

**LEGISLATIVE  
UPDATE**

## EDUCATION DEPARTMENT UPDATE

### ***The Student Guide for 2002-2003 is now available on the Internet***

*The Student Guide* is the most comprehensive resource for students looking for federal student aid from the U.S. Department of Education (ED). Updated each award year, *The Student Guide* tells students how to apply for grants, loans, and work study programs, which are the three major forms of federal student aid available from ED's Student Financial Assistance office. For more information, visit: [http://www.ed.gov/prog\\_info/SFA/StudentGuide](http://www.ed.gov/prog_info/SFA/StudentGuide).

### **Information for Visually and Hearing-Impaired Students Available**

ED is continuing its efforts to offer blind and visually-impaired students and deaf and hearing-impaired students information about federal student loans, grants, and work-study programs in a variety of formats for 2002-2003. Information for students who are blind or visually impaired is available on audio CD, in Braille, and on the Web. Assistance for deaf and hearing-impaired students is also available. Several of ED's call centers have toll-free TTY numbers, and additional information can be found on the following website:

<http://ifap.ed.gov/eannouncements/0226BlindandVisuallyStudent.html>.

### **Further Clarification on Use of New Perkins Promissory Notes**

As published in our January *Update*, you may download the new *Federal Perkins and NDSL Promissory Notes* directly from our Web site at

[www.efg.net/efgtechnologies/forms.asp](http://www.efg.net/efgtechnologies/forms.asp), and you should make sure you are using their correct versions. On November 16, 2001, ED issued *Dear Partner Letter CB-01-13*, which provided links to the new Perkins and NDSL promissory notes, reviewed the major changes being made to the notes, and provided guidance for implementing them. The following week, *Dear Partner Letter CB-01-15* issued corrected versions of the same promissory notes, replacing the OMB control number and correcting typographical errors. The new promissory notes are available for use now and must be used no later than May 1, 2002. This means any promissory note signed on or after May 1, 2002 must be the new promissory note, regardless of the loan period or when the loan was awarded.

### **E-mail Directory for EFG Technologies' Management and Customer Service Staff**

Debra Adams, Call Center Specialist.: [dadams@efg.net](mailto:dadams@efg.net)  
 Steve Anderson, Conversion Supervisor: [sanderson@efg.net](mailto:sanderson@efg.net)  
 Bob Balsamo, Production Control Supervisor: [rbalsamo@efg.net](mailto:rbalsamo@efg.net)  
 Daisy Bass, Customer Service Assoc. Director: [dbass@efg.net](mailto:dbass@efg.net)  
 Beth Bealle, Product Development Director: [bbealle@efg.net](mailto:bbealle@efg.net)  
 Teresa Beam, Training and Development Coord.: [tbeam@efg.net](mailto:tbeam@efg.net)  
 Kim Blackburn, Customer Service Rep.: [kblackburn@efg.net](mailto:kblackburn@efg.net)  
 Mark Bondurant, Private Loan Servicing Mgr: [mbondurant@efg.net](mailto:mbondurant@efg.net)  
 Betsy Burton, Market Development Director: [bburton@efg.net](mailto:bburton@efg.net)  
 Sharon Cameron, School Relations Coord.: [scameron@efg.net](mailto:scameron@efg.net)  
 Bridgett Christian, Human Resources Mgr.: [bchristian@efg.net](mailto:bchristian@efg.net)  
 Joel Cofer, Customer Service Rep.: [jcofer@efg.net](mailto:jcofer@efg.net)  
 Charles Cornelius, Default Prevention Svr.: [ccornelius@efg.net](mailto:ccornelius@efg.net)  
 Joanna Cortez-Gann, Private Loan Servicing Svr.: [jcortez-gann@efg.net](mailto:jcortez-gann@efg.net)  
 Wendy Cox, Customer Service Rep.: [wcox@efg.net](mailto:wcox@efg.net)  
 Sharal Duncan, Customer Service Rep.: [sduncan@efg.net](mailto:sduncan@efg.net)  
 Terry Gaither, Customer Service Rep. Team Leader: [tgaither@efg.net](mailto:tgaither@efg.net)  
 Wallace Grooms, Private Loan Servicing Svr.: [wgrooms@efg.net](mailto:wgrooms@efg.net)  
 John Elliott, Info. Technology Infrastructure Dir.: [jelliott@efg.net](mailto:jelliott@efg.net)

LaShonda Fields, School Relations Coord.: [lfields@efg.net](mailto:lfields@efg.net)  
 Charles Fulp, Facilities/Distribution Manager: [cfulp@efg.net](mailto:cfulp@efg.net)  
 Paula Hall, Payment Processing Svr.: [phall@efg.net](mailto:phall@efg.net)  
 Barbara Joyce, Accounts Rec. Supervisor: [bjovce@efg.net](mailto:bjovce@efg.net)  
 Lisa Koniuto, Contracts and Proposals Mgr.: [lkoniuto@efg.net](mailto:lkoniuto@efg.net)  
 Lando Little, Customer Service Assoc. Director: [llittle@efg.net](mailto:llittle@efg.net)  
 Pattie Mastin, School Relations Coord.: [pmastin@efg.net](mailto:pmastin@efg.net)  
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 Charles Parker, Customer Support Director: [cparker@efg.net](mailto:cparker@efg.net)  
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 Jeff Smejkal, Operations Research Manager: [jsmejkal@efg.net](mailto:jsmejkal@efg.net)  
 Judy Smith, Information Technologies Mgr: [jsmith@efg.net](mailto:jsmith@efg.net)  
 Betsy Spencer, Account Executive: [bspencer@efg.net](mailto:bspencer@efg.net)  
 Andrea Thompson, Customer Service Rep.: [athompson@efg.net](mailto:athompson@efg.net)  
 Carolyn Williams, Documentation Supervisor: [cwilliams@efg.net](mailto:cwilliams@efg.net)  
 Jim Williams, Audit and Compliance Dir.: [jwilliams@efg.net](mailto:jwilliams@efg.net)  
 Kim Wilson, School Relations Coord.: [kwilson@efg.net](mailto:kwilson@efg.net)  
 Kim Wright, Information Technology Dir.: [kwright@efg.net](mailto:kwright@efg.net)  
 World Wide Web Site: <http://www.efg.net/efgtechnologies>

## **New Boxes on the Open-Ended Promissory Notes**

We have received questions regarding the new *Federal Perkins and NDSL Open-ended Promissory Notes* (i.e., notes that are used for more than one award year) containing new boxes for the loan amount and loan period—boxes 9 and 10, respectively. These boxes were not included on the 1996 versions of the notes contained in *Dear Colleague Letter CB-96-8*.

ED has clarified the use of these new boxes for us. Completion of the new boxes on the open-ended notes depends upon whether the school requires the student to sign once for the **amount** every time the school awards a new loan (usually the entire award year) or whether the school requires the student to sign for **each disbursement (or advance)** of a loan. You should complete boxes 9 and 10 as follows:

### ◆ **When a student must sign once for entire loan amount of each award**

If the school allows the student to sign once for the total loan award amount each time an award is made, boxes 1 through 10 should be completed with information for the student's **first** Perkins or NDSL award. The "Loan Amount" (box 9) should reflect the total loan amount of the borrower's first award. The "Loan Period" (box 10) should reflect the entire period covered by the first award. The borrower should then sign and date the note at the bottom of the first page to indicate acceptance of this first award.

For example, a student's first Perkins award covers Fall 2002 and Spring 2003. The information entered into boxes 1 through 10 will correspond to that entire Fall/Spring award period. Thus, box 9 will reflect the total Fall and Spring award amount, and box 10 will reflect the beginning of the Fall term through the end of the Spring term. Then, if the student borrows Perkins or NDSL funds in **subsequent years**, each additional loan award (usually representing an entire award year) may be added to the list, or "schedule of advances," immediately following box 10. The student should then sign in the "schedule of advances" for the total amount of each subsequent award. If the student never borrows another Perkins or NDSL in the subsequent award years at that school, the promissory note is considered complete and properly negotiated.

### ◆ **When a student must sign for each disbursement**

Effective July 1, 1996, schools no longer have to require that students sign for each disbursement (advance) on an open-ended Perkins or NDSL Promissory Note. However, if you choose to have the student sign separately for each disbursement, you should complete the new open-ended promissory note by leaving boxes 9 and 10 blank until the time the note is closed.

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## EDUCATION DEPARTMENT UPDATE (Continued)

You would then list the amount and loan period for each disbursement in the “schedule of advances” below box 10. The student should sign in the “schedule of advances” **and** at the bottom of the first page for the **first** disbursement. Then the student would sign for each **subsequent** disbursement accordingly in the “schedule of advances.”

Schools should complete the **grand total** of the individual loan disbursements (from the “schedule of advances”) in box 9 and list the **entire** period of time covered by the promissory note (starting with the begin date of the very first loan period and ending with the end date of the very last loan period) in box 10 **only when the school is ready to close the promissory note.**

### Guidance Received from ED in 1997 Applies to New Prom Notes

In March 1997, we received guidance from ED about changes that are made to loan amounts. Recently, ED clarified that the guidance provided in a letter dated March 26, 1997 also applies to the new promissory notes. A copy of that letter is included in this *Update*.

➤ Attachment: *ED Letter Dated March 27, 1997*

### Don't Pay Off Old Loans

Recently customers have asked us if federal regulations contain any guidance on paying off old loans. Section 674.5(c)(2) says that you cannot pay off a loan in order to remove it from your default calculation. ED advised us in August 1998 that schools should not pay off a defaulted loan in order to get them off their books. The documentation we received goes on to say, “Such a payoff creates a “paid-in-full” status on the defaults. A “paid-in-full” status constitutes satisfactory repayment arrangements for purposes of re-establishing borrower eligibility for Title IV aid. This, of course, is not acceptable.”

### Listing of Low-Income Schools for 2001-2002 Now Available!

The directory of low-income schools used for teacher cancellation purposes is now available for the 2001-2002 academic year. You can access this site at the following address:

<http://www.ed.gov/offices/OSFAP/Students/repayment/teachers/perkins.html>.

### Web Sites for Allied Health/Medical Technician

Although EFG Technologies processes entitlement forms for most of our customers, you may get questions from borrowers asking if their positions as medical technicians qualify them for cancellation benefits. Section 674.51(l) describes a medical technician as “An allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate State agency in the State in which he or she provides health care services. An allied health professional is someone who assists, facilitates, or complements the work of physicians and other specialists in the health care system.” The following Web sites might assist you in determining eligibility for this cancellation type.

- ◆ The American Medical Association – a listing of careers in allied health  
<http://www.ama-assn.org/ama/pub/category/2322.html>

- ◆ Coalition for Allied Health Leadership—a listing of allied health professions  
<http://www.alliedhealth.org/professions/professions.htm>
- ◆ Association of Schools of Allied Health Professions—a listing of schools with allied health programs, both in program order and institutional order  
<http://www.hsc.missouri.edu/~shrp/asahp/prog.html>

### More Information on Our Name Change

In early April, you will receive a letter from Betsy Burton, Director of Market Development, that provides additional information regarding our name change. As announced in February, EFG Technologies is changing its name to **AMS Servicing Group** effective May 1. On March 11, a press release was sent out to the industry describing the change. We have attached a copy of the press release. You can find a reprint of the letter and the *Question and Answer Guide* in the February *EFG Technologies Update*, which you may easily access through our Web site. We have received many calls that questioned whether or not a new W-9 will be provided that shows our new name. When you receive your March 31 customer invoice, we will include a copy of the W-9. The FEIN number will remain the same and only the name of the business will be different. Currently we operate as “Academic Management Services Corp dba EFG Technologies.” This will change on May 1 to “Academic Management Services Corp dba AMS Servicing Group”

### NAME CHANGE UPDATE

#### ➤ **Attachment:** *Press Release*

We are right on target with our name change. We will begin notifying borrowers of the name change in April and will continue to provide current “Name Change” information through the *Update*. Next month, you will see the new *Update* format. If you have any questions, please contact your Customer Service Representative.

### New E-Addresses

As part of our name change, we will have new Web addresses beginning May 1, 2002. A list of these changes follows:

### NEW WEB AND E-MAIL ADDRESSES

Current Site Name	New Site Name	Description
<a href="http://www.efg.net/efgtechnologies">www.efg.net/efgtechnologies</a>	<a href="http://www.amsservicing.com">www.amsservicing.com</a>	General Web Site
<a href="http://datalink.efgtech.com">http://datalink.efgtech.com</a>	<a href="http://datalink.amsservicing.net">http://datalink.amsservicing.net</a>	Datalink Web Connect
<a href="https://dataprint.efgtech.com">https://dataprint.efgtech.com</a>	<a href="https://dataprint.amsservicing.net">https://dataprint.amsservicing.net</a>	<i>DocumentDirect</i>
<a href="ftp://ftpservice.efgtech.com">ftpservice.efgtech.com</a>	<a href="ftp://ftpservice.amsservicing.net">ftpservice.amsservicing.net</a>	<i>DataDirect FTP</i>

In the next *Update*, we will publish new e-mail addresses for our management and customer service staff. Under our new naming convention, the extension “efg.net” will be replaced with “amsweb.com.” The new e-mail addresses also will become effective on May 1, 2002.

**The mission of EFG Technologies 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.**

## MARKETING DEPARTMENT RESTRUCTURE

### Market Development Department Restructured

Over the next few months, our Market Development Department will be undergoing some changes. We are excited about the new roles our staff will be playing and know that our customers will benefit from these changes. In our School Relations Department, we are restructuring some of the territories and adding a Technical Coordinator, while other staff are assuming audit and compliance responsibilities for our organization.

#### ◆ Audit and Compliance

**Sharon Cameron**, Audit and Compliance Specialist. Sharon is transitioning into this role and is available to answer questions you may have regarding federal regulations and rule interpretations and will be an active participant on list serves. She can be contacted at [scameron@efg.net](mailto:scameron@efg.net) or x2060.

**Lisa Koniuto**, Manager, Contracts and Audit. Lisa has added audit and compliance responsibilities to her existing contract management role. Lisa can be reached at [lkoniuto@efg.net](mailto:lkoniuto@efg.net) or x2104.

**Branko Pivko**, Audit and Compliance Specialist. Branko will be expanding his current private/alternative loans role to include focusing on the third-party audit and familiarizing himself with the campus-based world. He can be reached at [bpivko@efg.net](mailto:bpivko@efg.net) or x2066.

#### ◆ School Relations

**LaShonda Fields**, School Relations Coordinator. LaShonda is the School Relations Coordinator for the northeast. LaShonda can be reached at [lfields@efg.net](mailto:lfields@efg.net) or x2281. Her territory will not be changing. She is responsible for the following states: ME, VT, NH, MA, RI, CT, NY, PA, DE, MD, PR, USVI

**Pattie Mastin**, School Relations Coordinator. Pattie is the School Relations Coordinator for the south. She will be adding several states to her territory. Pattie can be reached at [pmastin@efg.net](mailto:pmastin@efg.net) or x2279. Her territory includes the following states: NC, SC, GA, FL, AL, MS, TN, AR, LA, OK, TX, NM, AZ, HI

**Billi Wolfe**, School Relations Coordinator. Billi is the School Relations Coordinator for the north. She will be assuming responsibility for states from multiple regions. Billi can be reached at [bwolfe@efg.net](mailto:bwolfe@efg.net) or x2062. Her territory includes the following states: DC, VA, WV, KY, OH, MI, IN, IL, WI, MN, IA, MO, KS, NE, SD, ND, MT, WY, CO, UT, ID, NV, AK, WA, OR, CA (effective June 2002).

**Kim Wilson**, Technical Coordinator. Kim is transitioning into this role, and will be assisting customers in creating interfaces between EFG and the school, installing the Collections System for schools using this product, performing research on technical related issues, and taking an active role in increasing our Web presence. Kim can be reached at [kwilson@efg.net](mailto:kwilson@efg.net) or x2826.

## THIRD-PARTY AUDIT REQUIREMENTS

### Are You In Compliance?

It's that time of year again, and we are getting ready for our auditors to visit us. As part of this process, we need to provide reports and documentation that allow our auditors to verify we are doing what we should be doing on behalf of our customers and in support of the federal regulations. It isn't too early for you to start thinking about what your auditors may need. We frequently receive requests from our customers asking for extra reports or requesting *QuikLetters* to be generated. Start thinking about this now. If you need some help in deciding what may be necessary, visit our website at [www.efg.net/efgtechnologies](http://www.efg.net/efgtechnologies) and look at our May 31, 2001 *Update* for some tips.

Did you know that in June 1995, ED issued guidance relative to Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance Programs at Participating Institutions (Guide)? That guidance required all institutions participating in Title IV HEA Programs to have an annual compliance audit, applied to award years ending June 30, 1995, and thereafter.

While you are probably ensuring that your campus or institution is having these audits performed, are you aware that for an institution that contracts with a servicer to administer any aspect of the Title IV HEA Programs, the applicable compliance requirements contained in the Guide also apply to that servicer? We make this audit available to our customers in August of each year.

In addition to servicers, collection agencies are required to have an attestation audit each year. It is the schools' responsibility to ensure that your agencies are meeting this federal regulation. Simply ask your collection agencies for a copy of this audit and maintain it in your files. If your agencies do not have an attestation audit, refer them to [www.ifap.ed.gov](http://www.ifap.ed.gov) for more information.

### New Technology in the Call Center

Excitement in the EFG Technologies' Call Center continues to build as new equipment and technology becomes a reality. Last year we upgraded each staff member's workstation in the Call Center to an HPE-Vectra personal computer. The new PCs not only enhanced our ability to communicate within the Call Center, but also are needed to support the new "screen pop" and Symon DeskView technology that we plan to install during the second quarter.

On February 1, we installed Symon NetBrite, a full matrix LED display board designed for real-time messaging, in the Call Center. The display board hangs in the front of the Center, alerting staff members of calls that are waiting and the longest wait time for each skillset. This information is critical to the Call Center team and empowers the team to manage the incoming call volume more effectively.

The system works as follows. When a caller enters his or her 16-digit account number upon reaching our Interactive Voice System (IVR), our Call Center software routes the call to a Borrower Services Representative (BSR) with the appropriate skillset. Skillsets are based on each BSR's experience in working with the type of loan the caller has and the loan's status—i.e. current, past due, in default, or other

## TECHNOLOGY UPGRADE



## TECHNOLOGY UPGRADE (Continued)

code. By looking at the Reader board, BSRs can help manage the call load by adjusting their routine to meet the demand for their skillset.

“Screen pops” will soon be implemented in the Call Center. This technology will transfer the 16-digit account number that callers enter when they reach our IVR to System III, allowing the caller’s name and account number to display on the BSR’s screen before the call begins. This “screen pop” allows the BSR to immediately begin assisting the caller rather than asking for and keying in the account number. Because we can respond faster to callers who enter their account number, we are encouraging borrowers to have their account number available when they call us.

In addition to “screen pops,” Symon DeskView software also will be installed on each BSR’s desktop. This software delivers an LED-style display directly to the desktop without disrupting the active System III application. In addition to calls waiting and the longest wait time, agent availability is also displayed. This is a powerful tool similar to the NetBrite display that delivers critical information directly to the BSRs and Call Center managers’ desktops. We are excited about these enhancements and believe borrowers will be better served with this new technology.

## SYSTEM III PROCESSING TIPS

### Use the Main and PAYO Screen

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 on using the MAIN and the PAYO screen to save time.

### Save Time with the MAIN and PAYO Screens

Use the **MAIN** screen to get the most up-to-date loan information on current and past due amounts, total interest due, and the loan payoff amount as of today’s date. If you need a payoff figure for a loan consolidation or just in talking to a borrower over the phone, use the **PAYO** screen, which can project the payoff up to 90 days in the future. When you first access the **PAYO** screen, the projected payoff date defaults to 15 days in the future. However, you may key over the Projected Date of Payoff or Projected Days to Payoff with the appropriate date or days. You should find this a real time saver! For details, see the *System III Connection* for December 2001, access it at [www.efg.net/efgtechnologies](http://www.efg.net/efgtechnologies), or call your CSR.



System III will not be available on  
Saturday and Sunday, April 6-7.  
We apologize for any inconvenience this may cause.



## REGIONAL MEETINGS

### Regional Meetings

Our next Regional Meeting will be held at the **University of Richmond** in Richmond, VA, on April 15. Another is scheduled at **Brandeis University** in Boston, MA, in October. We also have meetings planned for Columbia, SC; Seattle, WA; and Florida. If you are interested in hosting one of these open dates, please contact your School Relations Coordinator.

### Conferences Scheduled

EFG Technologies staff will attend the **11th Annual EARMA Collections Conference**, which will be held on April 9-10, 2002, at the National Conference Center in East Windsor, New Jersey. For more information, call 723-235-9184.

Professional Development Group will hold its **16th Annual National Conference for College and University Bursars, Cashiers, and Treasury Managers** from April 14-17 in Salt Lake City, Utah. For more information, visit: [www.prodev.com](http://www.prodev.com).

The **Spring KASRO (Kentucky Association of Student Receivable Officers) Conference** will be held April 24-26, 2002, at General Butler State Park in Carrollton, KY. More information is available at [www.e-kasro.org](http://www.e-kasro.org).

The **Collections 2002 Conference** will be held at the Adam's Mark Hotel in St. Louis, MO on April 28-May 1. For information, visit: [www.conferences.indiana.edu/collect2002](http://www.conferences.indiana.edu/collect2002).

The **64th WACUBO Annual Meeting** will be held May 5-8 in San Diego at the Sheraton San Diego Hotel and Marina. For more information, contact [www.wacubo.org](http://www.wacubo.org).

The **10th Annual CCULAA Conference** will be held from June 9-11, 2002, at the Hyatt Regency in Irvine, CA. The number for the hotel is 949-975-1234. More information about the workshop is available at: [www.cculaa.org](http://www.cculaa.org).

## CONFERENCES

## FUN FACT

### Fun Fact

Did you know that we have over 240,801 loans in an assigned status on our system?

It sure is a lot of work to assign that many loans! Is it time for you to assign your loans to ED?

Check out this month's *How To* to find out more about the assignment process.



**CUTOFF DATES****Cutoff Dates**

The cutoff dates for April and May 2002 are listed in the table below.

Transaction	April 2002	May 2002
Last day to receive collection payments	04/23/02	05/28/02
Last day to receive regular payments	04/24/02	05/29/02
Last day for online payments	04/26/02	05/31/02
Date final post begins	04/26/02	05/31/02
Report date used for final post	04/30/02	05/31/02
Last day deposits created for deposit to bank account	04/26/02	05/31/02



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF POSTSECONDARY EDUCATION

MAR 26 1997

Ms. Dawn McCoy Nash  
Program Manager  
Public Policy & Management Programs  
NACUBO  
One Dupont Circle, Suite 500  
Washington, D.C. 20036

Dear Ms. Nash:

This is in response to your letter of March 21, 1997 requesting guidance on making changes to loan amounts on the reformatted promissory notes for the National Direct Student Loan and Federal Perkins Loan Programs issued by the Department of Education in "Dear Colleague" letter CB-96-8.

As you know, the Department has continued to provide schools with the option of using an open-end (multi-year) or closed-end (one award year or single term) promissory note. If the initial loan amount **decreases** on either the open-end or closed-end May 1996 promissory notes, a school has the following options, if the borrower has signed the promissory note and a **disbursement has been made**:

- \* Leave the loan amount unchanged (the school's disbursement records will reflect the decreased loan amount). The school may also attach an explanatory statement to the promissory note to support the decreased loan amount.
- \* Change the face of the promissory note to reflect the decreased loan amount. This option requires that **both** the student and appropriate school official initial the decreased loan amount. A school must not unilaterally change the amount of the loan.

If the borrower has signed the promissory note and the initial loan amount **increases** **after a disbursement has been made**, a school **MUST**:

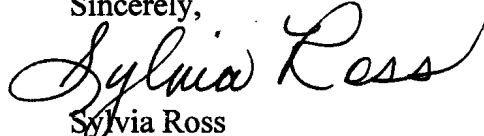
- \* Issue a new closed-end promissory note reflecting only the increase from the original loan amount
- \* Reflect only the increase in the loan on the next line of the open-end promissory notes.

## Attachment

If the initial **loan amount changes** on either promissory note after the borrower signs the note but **a disbursement has not been made**, the school may void the closed-end promissory note or void the appropriate line on the open-end note, and issue a new closed-end note or use the next line on the open-end note to reflect the correct loan amount for the award year. In the case of an increased loan amount only, a school has the option of issuing a new closed-end note or using a new line on the open-end note to reflect just the increase in the loan amount.

I hope this information is helpful to you.

Sincerely,

A handwritten signature in black ink that reads "Sylvia Ross". The signature is fluid and cursive, with the first name "Sylvia" written in a larger, more prominent script than the last name "Ross".

Sylvia Ross

Perkins Loan Program Specialist

CC: Ms. Anne-Marie Miller  
Eduserv Technologies, Inc.

Ms. Judith Flink, President  
Coalition of Higher Education Assistance  
Organizations

## **Attachment**

**FOR IMMEDIATE RELEASE**

**Contact:** Maureen McCarthy Mello  
Academic Management Services  
508-235-2906  
mmello@amsweb.com  
Or  
Michael A. Trainor  
Trainor Communications Group  
401-435-4875 x236  
MichaelT@trainoronline.com

### **AMS EXTENDS EDUCATIONAL PAYMENT SERVICES OFFERINGS, CREATES INDUSTRY'S MOST COMPLETE OFFERING**

#### **AMS Servicing Group to Provide Loan Data Processing and Administration, Completes Integration of EFG Technologies into AMS**

**SWANSEA, Mass., March 11, 2002** – Academic Management Services (AMS), one of the nation's largest providers of integrated payment solutions for higher education and private school tuition, today announced the completed integration of EFG Technologies into AMS, forming AMS Servicing Group. AMS Servicing Group provides Federal Perkins, institutional and private loan servicing, and student loan data processing and administration services.

"The launch of AMS Servicing Group underscores our unique position as the only full service provider of integrated payment solutions," said Tim Clark, president and CEO, AMS. "No one else can provide the complete line of federal and private loans, interest-free monthly payment plans and full-service data processing and administration that AMS offers its educational partners."

AMS Servicing Group, located in Winston-Salem, NC, employs 120 dedicated student loan professionals and is led by Executive Vice President Paul Lombardo. Mr. Lombardo has been responsible for the overall management of EFG Technologies' Student Loan Servicing Center for the past 5 years. He has 28 years of management experience, including 17 years in the student loan servicing industry.

"I'm proud of EFG Technologies' 37-year history of success, and I'm confident that the formation of AMS Servicing Group will lead to an even brighter future," said Lombardo. "Our customers can rest assured that this integration has been seamless, resulting in the same high level of service they have grown accustomed to. Our name may have changed, but the people they have come to rely on are still here, and our commitment to customer service will always be at the forefront of what we do."

—more—

## Attachment

### About AMS

AMS, headquartered in Swansea, MA, is one of the nation's largest providers of integrated payment solutions for higher education and private school tuition. Since 1970, AMS has helped more than 4.5 million families pay for education. In addition, AMS offers free education payment counseling services via the phone and web. AMS is on the World Wide Web at [www.tuitionpay.com](http://www.tuitionpay.com). AMS is an independent subsidiary of UICI, a diversified insurance and financial services company with assets over \$3 billion, headquartered in Dallas, Texas.

### About UICI

**UICI**, headquartered in Dallas, Texas, offers insurance (primarily health and life) and selected financial services to niche consumer and institutional markets. **UICI's** insurance subsidiaries provide health insurance and related insurance products, which are distributed primarily through the Company's dedicated agency field forces, UGA-Association Field Services and Cornerstone Marketing of America; through its Student Insurance Division, **UICI** provides tailored health insurance programs for students enrolled in universities, colleges and kindergarten through grade twelve; **UICI** provides financial services and products for college undergraduates and graduate students, including providing federally-guaranteed student loans, through Academic Management Services Corp.; and UICI manages blocks of life insurance and life insurance products to select markets through its OKC Division. **UICI** also holds a 48% interest in Healthaxis, Inc., a leader in providing fully integrated end-to-end web-enabled solutions for health insurance distribution and administration. For more information, visit [www.uici.net](http://www.uici.net).

# # #

# How To

## Assign a Loan

**Although it is not required, assigning a loan to the Department of Education is recommended to help an institution maintain an effective and clean portfolio. We can assist your institution in the assignment of those loans by offering various tools to expedite the process.**



An institution may submit a defaulted loan to the Department of Education (ED) for assignment if it has been unable to collect on a borrower's loan despite complying with diligence procedures and collection efforts. If an institution closes or chooses to liquidate its loan portfolio, assigning all loans (repayment and non-repayment loans) is required. Regardless of the reason for assignment, loans placed with ED are assigned without recompense, and all rights, authorities, and privileges associated with these loans are transferred to the U.S. Government. All funds that are collected become the property of the U.S. Government and are not returned to the Perkins loan fund. Most importantly, schools will lose their institutional contribution for these loans.

**Below are some of the most frequently asked questions about assigning loans.**

### **When should you begin the assignment process?**

Assigning a loan to ED can be done at any time during the year; however, it must be assigned during the submission period established by the Secretary. Assignments, however, are accepted at anytime throughout the year.

### **Which loans are eligible for assignment?**

A loan is eligible for assignment if it has been through the proper due-diligence procedures at least once, including a first level collection effort and litigation, if required. The assigned account should have a \$25 or more outstanding balance; including principal, interest, collection costs, and late charges. If the borrower has multiple loans, the sum total can be used to meet the \$25 minimum requirement. The due diligence process includes prescribed contacts with the borrower during the enrollment, billing, and collection periods. Some of the contacts include exit interviews, grace notices, billing notices, past due notices, 90-day phone calls, credit bureau reporting, placement with collection agencies, acceleration of loan balances with notification to borrowers, and litigation.

If a borrower meets this criteria, but is continuing to make payments on the loan, an institution **should not** assign this loan. An institution will not receive the funds that ED collects on an assigned loan, and the school will lose its share of the funds assigned.

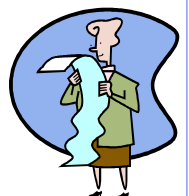
### **How do I select the loans to be assigned?**

When selecting the loans you would like to have assigned to ED, ask yourself two questions. Do you have a significant number of old loans? Do you ever receive payments from borrowers who have not made payments in five years? If you answer "yes" to the first question, and "no" to the second, consider assignment.

### **How can EFG Technologies help me assign a loan?**

EFG Technologies can provide our full *Assignment Package* for those loans you wish to assign. This package includes the following items:

- ♦ *Pre-Assignment Report* - list of eligible loans based on the selection criteria established by the institution.
- ♦ *Assignment Check List* – tool to request the removal from outside agencies, to request ED 553s and manifest as of given month end, and to request histories to be printed.





- ◆ *ED 553 and manifest*—the assignment packages and a list of borrowers whose ED553 is included.
- ◆ *Assignment Transmittal* – to facilitate the coding of an institution’s loans as “assigned” on System III.
- ◆ *History Print* – to document due diligence and the various activities required in the assignment process.

**Note:** In addition to the *Pre-Assignment Report*, you can use the *Past Due Loans Report*, *Collection Agency Inventory*, and *Exception/Special Billing Report* to determine eligible loans.

### How should I prepare my loans for assignment?

Before a loan can be assigned, the loan must be recalled from outside collection agencies and credit bureau reporting must be stopped a minimum of 60 days prior to assignment. It is important to keep this information in mind when preparing for the assignment process.

#### An institution should:

- Request the *Pre-Assignment Report* (allow 30-45 days advance notice);
- Identify loans for assignments;
- Return *Pre-Assignment Report* to EFG Technologies;
- Recall loans from outside agencies (60 days prior to certification date);
- Complete ED 553 assignment packages received from EFG;
- Send *Assignment Transmittal* to EFG for coding of loans to an assigned status (82), (15-30 days);
- Wait for review by ED and receipt of acceptance notices (60-120 days); and
- Send list of accepted loans to EFG for coding with a status 93 (15-30 days).



### What is required to assign a loan?

The Secretary may require the institution to submit various documents when a loan is assigned:

1. An assignment form that is provided by the Secretary and executed by the institution, which must include a certification by the institution that it has complied with the requirement of collection procedures as described in Sec. 674.45 (a), including a first level collection effort.
2. The original promissory note or a certified copy of the original loan.
3. A copy of the repayment schedule.
4. A certified copy of any judgement order entered on the loan.
5. A complete statement of payment history.
6. Copies of all approved requests for deferment and cancellation.
7. A copy of the notice to the borrower of the effective date of acceleration and the total amount due on the loan.
8. Documentation that the institution has withdrawn the loan from any firm that it employed for address search, billing, collection or litigation services, and has notified that firm to cease collection activity on the loan.
9. Copies of all pleadings filed or received by the institution on behalf of a borrower who has filed a petition in bankruptcy and whose loan obligation is determined to be nondischargeable.
10. Documentation that the institution has complied with all the due diligence requirements described if the institution has a cohort rate that is equal or greater than 20 % as of June 30 of the second year preceding the submission period.



#### If you have this information available, you can begin assigning your loans.

For complete information on assignment guidelines, please refer to Section 674.50 of the Federal Regulations and these September 1998 *Dear Colleague Letters: Edition CB-98-13 COHORT Default Rates 19.0% and Lower* and *Edition CB-98-14 COHORT Default Rates 20.0% and Higher*.

#### When assigning loans to ED, remember that:

- ◆ **It will not reduce your institution’s cohort default rate.**
- ◆ **Your institution will not receive any funds collected on those loans by ED.**
- ◆ **The funds collected on assigned loans are not returned to the Perkins loan fund.**
- ◆ **The school loses its institutional capital contribution (ICC) on those loans.**

**If you have any questions, please contact your School Relations Coordinator!**

# Sharon Cameron:

## "The Customer is Always Right"

Sharon Cameron was named the 2002 recipient of the *Anne-Marie Miller Service Excellence Award*, the highest award given by our company, in February. Fittingly enough, Sharon considers Anne-Marie Miller, our retired Director of Compliance and Government Relations for whom the award is named, as her role model and mentor. Sharon, who was recently named Audit and Compliance Specialist, will be emulating Anne-Marie even more in the future as she advises customers and staff on audit and compliance issues.

Sharon, who has been with EFG Technologies for almost 28 years and whose former position as a School Relations Coordinator put her in touch with most of our customers over the years, almost did not have much of an impact on student loan servicing. After her first day with the company, Sharon, then 21 years old, did not want to go back. "After spending my first day reading what is now the *Federal Regulations Manual*, I was overwhelmed. It was raining, and I dreaded returning. I didn't think I could do it, but my grandmother said, 'You've got to go back. You can do it.' So I went back."

This experience, which was noted by coworkers who nominated Sharon for the award, helped shape her career. As a Forms Analyst, she took an immediate interest in training so other new employees would not feel as overwhelmed as she had on her first day. Within two years, she was promoted to a training position, where she remained for almost 20 years. After training many employees, who now work in Customer Support and Customer Service, Sharon became a School Relations Coordinator, allowing her to share her expertise with customers.

Even in her new position, Sharon has not left training entirely behind. She recently developed a training workshop for novice loan administrators, which she presented for the first time this month, and is developing an advanced class for more experienced loan administrators.

Sharon attributes much of her success to being able to empathize with customers and borrowers. As a beginning Forms Analyst, she worked directly with borrowers and schools while processing forms. As a School Relations Coordinator, she saw customers' needs first hand. "When you sit across the desk from a customer, you see what they deal with on a daily basis. It gives you a different perspective." Her philosophy about customer service is simple. "The customer is always right. I always try to make them happy, even if I have to tell them no," says Sharon.

**Sharon Cameron** is pictured holding the certificate that accompanied the Anne-Marie Miller Service Excellence Award.



She also has high regard for her coworkers. "I'll do anything for any one of them. And, if I ask anybody here for help, they will bend over backwards so that the customer gets what they need. Our staff is our biggest asset." Sharon also cites Charles Parker, Director of Customer Support, as another reason she has succeeded here since the early days. "There is nothing that the man doesn't know. He will always sit down with me and look at what we can do to help a customer."

After working with many of the same people for almost three decades, you might think that seeing colleagues away from the office would be the last thing Sharon would want to do. However, she counts her coworkers as her friends and enjoys their company at any time. With her son, Michael, in his twenties, and Richard, her husband of 30 years, away on-assignment for weeks at a time, Sharon also devotes time to her parents, who live a mile from her.

Sharon is looking forward to her new duties, including working with auditors for the first time. "I can't wait to talk to them and answer questions about how our loans are processed," she says sincerely. With such enthusiasm and optimism in the face of an audit, it is not surprising that she won the *Anne-Marie Miller Service Excellence Award* this year. Who knows, with her attitude, she might win again next year.