



UPDATE

AMS Servicing Group
Winston-Salem, NC

HAPPY HOLIDAYS!

November 30, 2003

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Holiday Schedule

Christmas
December 25 & 26

New Year's Day
January 1, 2004

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

Inside AMS Servicing
Jeraline Gunnings
Team Lead, Default Prevention

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

AMS Sale Update

The sale of Academic Management Services to Sallie Mae has been finalized. As stated in our letter of November 14, because of a potential conflict with federal regulations that do not allow schools to use a billing servicer and a collection agency owned by the same company, Sallie Mae plans to divest AMS Servicing Group. Until that transaction is completed, the Department of Education has agreed not to take action against schools that may be in conflict with the regulations.

AMS SALE UPDATE

Attachment: *Letter to AMS Servicing Group Customers*

On the following page is the complete text of the statement which Sallie Mae received from the Department of Education verifying the Department's position. The letter was dated November, 21, 2003 and was signed by Kristie Hansen, General Manager, Financial Partner Services, and Kay Jacks, General Manager, FSA Application, School Eligibility and Delivery Services. The letter states:

AMS SALE UPDATE (Continued)

"I am writing this letter to confirm that the U.S. Department of Education's Office (of) Federal Student Aid (FSA) will allow Sallie Mae 90 days, from the date of this letter, to divest Sallie Mae's Perkins loan servicing business. During this 90-day period, FSA will not take action against Sallie Mae for not complying with regulations under 34 CFR 674.48 (2003). In addition, FSA will not take action against any school customers of AMS's Perkins loan servicing division, which also contracts with General Revenue Corporation, an affiliate of Sallie Mae, Inc."

A PDF version of this letter is available on our Web site at http://www.amsservicing.com/publications/update/2003/documents/EDletter11_03.pdf

PRIVACY AND BILLING NUMBERS

Privacy Information

During the last year, increased emphasis has been placed on preserving the privacy of sensitive information. If you have visited a doctor's office or pharmacy recently, you probably have been required to sign a Notice of Privacy Practices and have seen new privacy divider screens. You may have encountered problems making medical appointments for members of your own family because of increased efforts to protect privacy.

Likewise, because of recent legislation passed by the state of California and our dedication to ensure that your borrowers' loan information is protected on any correspondence that we mail to them, we will be adding a new field to our System III database called "Billing Number." This Billing Number will not be the borrower's Social Security Number, but instead will be a number randomly assigned by the system. The 9-digit identifying number will begin with the number "8" and will be printed on **all** written communication that we send out to a borrower. This includes, but is not limited to bills, past due notices, and *QuikLetters*. In the "Account Number" field (for example, on a borrower's bill), we will print the customer's System Number/Billing Number/Consolidation Number. Because many of our customers use social security numbers in the Loan Number field, we will no longer print Loan Numbers on any written communication sent to a borrower. Program Number and Sequence Number will continue to print as identifiers.

E-mail Directory for AMS Servicing Group Management and Customer Service Staff

Debra Adams, Call Center Manager.: dadams@amsweb.com
 Steve Anderson, Conversion Supervisor: sanderson@amsweb.com
 Daisy Bass, Customer Service Director: dbass@amsweb.com
 Beth Bealle, Product Development Director: bbealle@amsweb.com
 Kim Blackburn, Customer Service Rep.: kblackburn@amsweb.com
 Mark Bondurant, Alternative Loan Mgr: mbondurant@amsweb.com
 Betsy Burton-Strunk, Sr, VP, Sales.: bburton@amsweb.com
 Sharon Cameron, Audit/Compliance Spec.: scameron@amsweb.com
 Joel Cofer, Customer Service Rep.: jcofer@amsweb.com
 Charles Cornelius, Default Prevention Svr.: ccornelius@amsweb.com
 Wendy Cox, Customer Service Rep.: wcox@amsweb.com
 Sharal Duncan, Customer Service Rep.: sduncan@amsweb.com
 John Elliott, Info. Technology Dir.: jelliott@amsweb.com
 Charles Fulp, Facilities/Distribution Mgr: cfulp@amsweb.com
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 Wallace Grooms, Alternative Loan Svr.: wgrooms@amsweb.com
 Debra Hairston, Production Control Svr.: dhairston@amsweb.com
 LaShonda Hairston, School Relations Coord.: lfields@amsweb.com
 Paula Hall, Payment Processing Svr.: phall@amsweb.com

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 Lando Little, Borrower Services Dir.: llittle@amsweb.com
 Yvonne Marlowe, Cust. Svc. Rep.: ymarlowe@amsweb.com
 Tori Matthews, Cust. Svc. Rep.: tmatthews@amsweb.com
 Charles Parker, Customer Support Dir.: cparker@amsweb.com
 Kathy Riddle, Transaction Processing Mgr.: kriddle@amsweb.com
 Bennette Roberson, Cust. Svc. Rep.: broberson@amsweb.com
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 Will Shaw, School Relations Coord.: wshaw@amsweb.com
 Pat Shepherd, Human Resources Mgr.: pshepherd@amsweb.com
 Jeff Smejkal, Network and Sec. Adm. Mgr.: jsmejkal@amsweb.com
 Judy Smith, Information Technologies Mgr.: jsmith@amsweb.com
 Andrea Thompson, School Rel. Coord.: athompson@amsweb.com
 Danielle Trinkle, Cust. Serv./Help Desk Svr.: dtrinkle@amsweb.com
 Carolyn Williams, Documentation Svr.: cwilliams@amsweb.com
 Billi Wolfe, School Relations Coord.: bwolfe@amsweb.com
 Borrower Web Site: <http://www.myamsloan.com>
 Customer Web Site: <http://www.amsservicing.com>

**PRIVACY AND
BILLING
NUMBERS
(Continued)**

If you use System III, you will be able to access a borrower's loan using his or her Billing Number, Account Number, or Social Security Number. Our goal is to implement this change during the first quarter of 2004. We will continue to keep you posted with more information in future issues of the *AMS Servicing Group Update*.

Clarification from ED on the Master Promissory Note (MPN)

During the PDG Conference in Seattle in November, AMS Servicing Group representatives received clarification from Gail McLarnon, Program Specialist with the Department of Education (ED), on what happens if no disbursements are made within 12 months of a borrower's signature date.

For example: A borrower signs the MPN and a disbursement is made within 12 months of the signature date. Then 12 or more additional months go by without another disbursement. Is the note still valid or does the borrower need to sign a new MPN?

The answer is no. The borrower does not need to sign another MPN because the MPN is valid for 10 years after the signature date. The only exception would be if the school receives written notification from the borrower requesting that no further loans be made under the MPN.

Campus-based Programs 2004-2005 FISAP Edit/Verification Process

In *Dear Colleague Letter CB-03-16*, ED reminds institutions that 2004-2005 edit corrections and Perkins cash on hand as of October 31, 2003 must be submitted to ED by December 15, 2003. *CB-03-16* includes a Question and Answer section on this process which can be found by viewing the following link: <http://www.ifap.ed.gov/dpccletters/cb0316.html>.

FAFSA on the Web Worksheets in English and Spanish

The 2004-05 FAFSA on the Web Pre-Application Worksheet in English and Spanish is now available for schools to print and distribute to students. Because the order of the questions on FAFSA on the Web is somewhat different than on the paper FAFSA, ED stresses the importance of telling students who plan to apply on-line to use the Pre-Application Worksheet instead of a paper FAFSA. You can read more regarding this announcement at: <http://www.ifap.ed.gov/eannouncements/1029FOTWebWksheetAppli0405.html>

FAFSA on the Web Demo Site Temporarily Unavailable

The FAFSA on the Web Demo site at <http://fafsademotest.ed.gov/>, currently unavailable while ED transitions to the 2004-2005 applications, is scheduled to be available again on December 7, 2003. At that time, aid administrators can access the 2004-2005 functions of FAFSA on the Web that will be available to students and parents beginning January 1, 2004, as well as all functions that will be available to aid administrators in FAA Access to CPS On-line.

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.

Are you taking advantage of AMS Servicing Group's **Early Intervention Program (EIP)**? If not, you are missing the opportunity to reduce borrower delinquencies before they get out of control!

And, we have recently expanded the EIP services through our partnership with Money Management, International (MMI), a leader in the non-profit credit counseling industry. They provide a full range of counseling services for borrowers who are overextended, often due to credit card debt. If we determine that an EIP borrower is interested in credit counseling, we provide them the opportunity to speak directly with a certified MMI credit counselor. This is just one more way we help your borrowers.

TRAINING UPDATE

The last two teleconferences for 2003 are listed below. These free training opportunities have been very popular with our customers, and more are planned for next year. We will publish the 2004 schedule in the *Update* and on our Web site as soon as it is available. To register for the December teleconferences, please e-mail Debra Pitts, School Relations Assistant, at dpitts@amsweb.com at least 3 days before the conference call.

December 16, 2003 2:00 PM. ET
Total and Permanent Disability and Related Assignment Procedures

Continued on next page

Workshop Schedule for 2004

If you are currently reviewing training needs for 2004, please consider registering for one of our workshops. We will be offering ***Student Loans 101***, our training class for less experienced student loan administrators or those new to AMS Servicing Group, on **March 11-12, 2004** and again on **July 8-9, 2004**. If you and your staff have more experience, then ***Student Loans 202*** is for you. This workshop will be offered on **May 13-14, 2004** and **October 7-8, 2004**. Registration information will be posted to our Web site soon. If you have more immediate questions, please contact Debra Pitts at 1-800-458-4492, ext. 2272, or via e-mail at dpitts@amsweb.com.

Regional Meetings

Our **Georgia Regional Meeting** will be held on January 26, 2004 at **Spelman College** in Atlanta. As these meetings continue in 2004, our School Relations staff will bring you the latest news about myamsloan.com, which allows your borrowers to access their accounts on-line, and System 3*i*, which allows you to view your borrowers' accounts on-line, in addition to other pertinent information. To learn more, please contact your School Relations Coordinator or Debra Pitts at (800) 458-4492 ext. 2272 or e-mail her at dpitts@amsweb.com.

REGIONAL MEETINGS

Conference Schedule

Representatives from our company will attend the conference listed below.

CONFERENCES

The **2004 COHEAO Annual Meeting** will be held at the Ritz-Carlton Pentagon City in Arlington, VA on January 25-28, 2004. More information is available at www.coheao.org.

Cutoff Dates

Cutoff dates for December and January are presented below.

CUTOFF DATES

Transaction	December 2003	January 2004
Last day to receive collection payments	12/26/03	01/27/04
Last day to receive regular payments	12/29/03	01/28/04
Last day for online payments	01/02/04	01/30/04
Date final post begins	01/02/04	01/30/04
Report date used for final post	12/31/03	01/31/04
Last day deposits created for deposit to bank account	12/31/03	01/30/04

ATTACHMENT

November 14, 2003

Dear Customer:



2400 Reynolda Road
Winston-Salem, NC 27106

(800) 458-4492
Fax: (336) 607-2093

www.amsservicing.com

In our October 19 letter, we shared with you that Sallie Mae has signed an agreement to purchase Academic Management Services, Corp. The closing date of the purchase is expected before the end of November.

As part of this transaction, we anticipated a potential conflict with the federal regulations governing the Perkins program. Federal regulations do not allow schools to use a billing servicer and collection agency that are owned by the same parent company. Sallie Mae owns two collection agency subsidiaries, General Revenue Corp. (GRC) and Pioneer Credit Recovery. Between AMS Servicing Group, GRC and Pioneer, we share a number of customers.

Sallie Mae intends to resolve this matter by divesting the AMS Servicing Group shortly after the acquisition closes. Sallie Mae has met with the U.S. Department of Education regarding this matter. The Department understands the situation, and has informed us that they will not take any action towards our school customers related to this "conflict" during the brief period prior to divestiture. Consistent with the spirit of the regulations, Sallie Mae's collections subsidiaries and AMS Servicing Group will have completely separate reporting relationships during the brief period of common ownership, and will not be operationally integrated in any way.

We are committed to providing you with the high level of service you and your borrowers expect. We will continue to communicate with you throughout this transition period. Thank you for your patience and your business. If you have any questions, please contact your school relations coordinator.

Sincerely,

A handwritten signature in black ink that reads "Paul R. Lombardo".

Paul R. Lombardo
Executive Vice President
AMS Servicing Group

Jeraline Gunnings

Cheering Them On

Jeraline Gunnings may not know exactly what she is going to do each day when she comes into work, but she does know she will be busy. As Team Lead in Default Prevention, she plays a critical role in keeping our customers happy by keeping their borrowers out of default. She and her team are responsible for making thousands of calls each week, and Jeraline must monitor the Autodialer and keep track of the calls for administrative purposes.

Jeraline says she is the coach, cheerleader, and instructor for her group. As a coach, she must be sure her team knows how to handle each call they make. As a cheerleader, she must keep their spirits high as they each talk to sometimes hostile or suspicious borrowers every night. As an instructor, she must train the group in using the technology necessary to do the job and keep them updated about regulatory changes or changes in institutional programs. She also monitors the calls her team makes in order to identify training needs.

Jeraline is thankful for the technology that allows her group to make so many calls automatically. Each day System III identifies about 1,000 borrowers who are behind in their payments or borrowers who have been enrolled in the Early Intervention Program (EIP) by their schools. Jeraline downloads this information to our Autodialer, which automatically dials the calls. Without this technology, only a fraction of these calls could be made each night. EIP, which quite effectively decreases borrower default, provides extra phone contacts and mailers to borrowers early in delinquency. Without the Autodialer and the dedication of the default prevention team, this cost-effective program would not be possible.

Jeraline still must monitor her team's activity carefully. She knows that failing to make calls within a very small window of time could result in compliance problems as well as violating lender guaranty agreements. Jeraline says, "If we did not make these calls, we could be penalized, especially with insured loans. We have to deliver the best product to our customers in the contracted amount of time."

The borrowers targeted for calls are not just numbers to Jeraline. When she talks to them, she spends time counseling them on their debt and telling them about options they may have to bring their loan current. "We always try to get the money first and offer them the option to pay their bill by phone. We also tell them about 'no pay options' like deferments and forbearances or special billing arrangements. Borrowers sometimes thank us for reminding them about

Jeraline Gunnings:

"We always try to get the money first and offer them the option to pay their bill by phone. We also tell them about 'no pay options' like deferments and forbearances or special billing arrangements. Borrowers sometimes thank us for reminding them about their loan payment and telling them how to bring their loan current."



their loan payment and telling them how to bring their loan current."

Jeraline has worked for the company since 1991. For most of that time she has worked from 12:00 PM to 9:00 PM because the evening is the prime time to make default prevention calls. Despite these hours, she has a very active family life. Together, she and her husband Earnest have five daughters, one son, and 13 grandchildren. Although spare time is hard to find, she and her husband like to play games and watch "all kinds" of sports on TV. Before her husband's health deteriorated, the Gunnings were constant fixtures at Winston-Salem State University football games and tailgate parties and count many former players—including some now in the NFL—among their friends. She also loves getting together with her three sisters and their mother.

Jeraline is also an accomplished musician, and played the piccolo and flute in her high school band and orchestra, and even performed with the Winston-Salem Symphony Orchestra. She currently likes to paint in oils and watercolors, keeps a journal, and hopes to write and illustrate a children's book some day. She also has been very actively involved in her church's soup kitchen and loves working for charitable organizations.

Did we mention that Jeraline was a substitute majorette and cheerleader in high school? Looks like some things never change because Jeraline is still leading and encouraging others. She just traded in her pom-poms and baton for an Autodialer.