



## Student Loan Servicing Questionnaire

### Statement of Purpose:

For your Lending Institution (or Guarantee Agency) to demonstrate the services your company has to offer students and parents participating in the Federal Stafford Loan Programs, PLUS and GRAD PLUS Programs, and/or Alternative Signature Lending Programs for educational purposes.

This questionnaire is divided into the following segments:

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**Company Background**

Please give an overview of your company's servicing history and participation in student and parent loans for educational purposes. If possible, please provide the servicing years that you have also participated in the federal Subsidized and Unsubsidized Stafford Loan Programs.

For 47 years the USA Funds commitment to students, parents, schools, lenders and U.S. taxpayers has been a contributing factor to our becoming the nation's largest and most-experienced guarantor of education loans. The USA Funds guarantee has supported nearly \$154 billion in financial aid to 18.2 million students and parents, as well as service to thousands of educational and financial institutions. During fiscal 2007 our loan guarantee supported \$25.8 billion in education loans to help parents and students pay college expenses and helped education-loan borrowers manage their monthly payments through loan consolidation.

**Contact Information**

A. Lender (Guarantor) Location Site Address:

United Student Aid Funds, Inc.  
10475 Crosspoint Blvd., Suite 230  
Indianapolis, IN 46256

B. Lender (Guarantor) Point of Contact (Mailing) Address:

Sharron German  
Account Executive  
P.O. Box 10535  
Killeen, TX 76547

C. Lender (Guarantor) Customer Service Phone Number for Borrower

**Student- and parent-borrower contacts**

For information about education-loan account(s), borrowers can call toll-free (888) 272-5543. If borrowers are in default on education loan(s), they can call toll-free (800) 331-2314.

D. Lender (Guarantor) Website and Email Addresses for Borrower:

**Website:** [www.usafunds.org](http://www.usafunds.org)  
**Email Addresses for Borrower:** [contact@usafunds.org](mailto:contact@usafunds.org)

**Customer Service**

A. Do you offer Call Centers and if so, what are their operational hours?

Yes. USA Funds' guarantor-servicer provides dedicated support Monday through Friday, 8 a.m. until 8 p.m. Eastern Time.

B. Do your customer service hours extend during peak periods in the semester?

During seasonal peak periods USA Funds' guarantor-servicer will generally extend service coverage by 3 hours daily and offer Saturday service hours.

C. Do you offer secure, online account managing services?

Yes. At [www.getloanstatus.com](http://www.getloanstatus.com) borrowers have the ability to view loan data for FFELP loans that have been guaranteed within the last nine months.

USA Funds' guarantor-servicer offers Manage Your Loans<sup>SM</sup>. This feature lets borrowers see their account balance and payment status online quickly and easily. Borrowers also can use this feature to sign up to receive their account information by E-Mail, update their address, phone number, and other personal data 24 hours a day, 7 days a week.

In addition, Loan-Payment Solutions — [www.loanpaymentsolutions.org](http://www.loanpaymentsolutions.org) — is a convenient online resource that helps borrowers whose loan payments are 60 days or more past due or those borrowers who are in default on their loans resolve their loan-default issues. Borrowers can log in to the site, review their account statuses and payment histories, order important loan documents and correspondence, and take action to resolve their defaults.

Loan-Payment Solutions delivers the following benefits:

- Offers borrowers convenient, secure, online access — available 24 hours a day, seven days a week — to their personal account information and solutions to their payment problems.

- Helps borrowers expedite the resolution of their payment problems, thereby helping them to avoid potential additional costs and other consequences.
- Reinforces information and advice provided to borrowers by default-prevention and default-recovery staff members who work on behalf of USA Funds.

Borrowers whose payments have been reported by lenders to USA Funds as being 60 days or more past due can review their outstanding loan balance and the number of days that their account is in arrears, and locate contact information for their lenders and loan servicers. These borrowers also are offered an array of options for resolving their payment problems. The Web site provides three possible options for those borrowers with past-due accounts:

- Make a promise to pay — Borrowers can spread over a period of up to 30 days the payments they need to make to bring their accounts current and thereby reduce the number of collection calls they receive.
- Temporarily postpone their payments — Borrowers can view deferment options for which they are eligible based on the dates their loans were issued. Online decision trees guide borrowers to deferment options for which they are likely to qualify. They can view summaries of the eligibility requirements for those deferment types and either download deferment-request forms or ask that the forms be mailed or faxed to them. To help borrowers file their deferment requests, the site permits them to view and print addresses, phone numbers and fax numbers for their lenders and loan servicers.
- Reduce their monthly payments — Borrowers who may benefit from reduced monthly payments can view a summary of loan consolidation, use the online calculator to estimate their payments, and download consolidation-loan applications.

For unemployment and economic-hardship deferments, online form wizards step borrowers through the completion of deferment requests and permit them to print completed forms that are ready to sign and submit to their lenders or servicers. The economic-hardship-deferment-form wizard offers the added benefit of automatically calculating borrowers' eligibility for the deferment based on the borrowers income and payment amount. Borrowers who do not qualify for a deferment are offered instructions to request a forbearance.

Borrowers who are 240 days or more in arrears on their FFELP-loan accounts receive a warning message that they are in danger of default. The borrowers also are directed to contact default-prevention staff for immediate assistance.

Borrowers who are in default on a USA Funds-guaranteed FFELP loan:

- Are provided further details about their loans, including the disbursement dates, disbursement amounts, outstanding balances, the organizations that serviced the loans, and the names of the schools for which the borrowers took out the loans. This feature helps borrowers more easily identify the loans in default.
- Can view online statements of their accounts, including rosters of payments made since their defaults and displays of their total payments allocated to principal, interest,

collection costs and other costs.

- May view and print copies of documents and letters that they previously received. Examples include their account-overview and paid-in-full letters, as well as statements of student-loan interest paid during the year.

Loan-Payment Solutions also provides details about the options for resolving loan defaults, as well as information about the impact of default on personal credit reports and the possible interception of borrowers federal or state tax refunds or other benefit payments.

D. Do you offer online, interactive (chat) customer service assistance?

At this time USA Funds does not offer online, interactive (chat) customer service assistance

E. Please give a breakdown of your overall customer service satisfaction rates statistically checked through internal audits.

In 2006, our guarantor-servicer conducted an external third party survey of Financial Aid Directors who called our customer service center. Our customer service center handles day-to-day relationships with our school customers across the country. Representatives handle school-specific issues dealing with the entire lifecycle of a loan. The results found that 85% of Financial Aid Directors who called customer service were either very satisfied or satisfied.

In 2006, our guarantor-servicer conducted an external third party survey of borrowers who called our originations call center. Results showed that 82% of borrowers were either very satisfied or satisfied with the service they received.

In addition, internal survey results found that 98% of Financial Aid Officers consistently rate our guarantor-servicer as meeting or exceeding their expectations.

**Borrowers Benefits:**

A. Please give a general statement on the type of loan features you offer that are different from other lenders.

This process is the function of the lender and is not performed by USA Funds.

- B. Please list all fees associated with the loan programs you offer to student and parent borrowers.

For loans guaranteed on or after July 1, 2007, USA Funds will pay the federal default fee for PLUS loans to graduate and professional students, if the lender buys down the federal default fee for all of the lender's Stafford loans guaranteed by USA Funds.

- C. Please list any repayment benefits your lending institution offers to borrowers.

This process is the function of the lender and is not performed by USA Funds.

- D. Please list any special programs you may offer borrowers as an incentive to use your lending institution.

This process is the function of the lender and is not performed by USA Funds.

### **Debt Management and Default Aversion**

- A. What types of tools do you offer student and parent borrowers to assist them in their debt management of educational expenses?

USA Funds Life Skills<sup>®</sup>, our financial-literacy program for college students, is an educational program that equips postsecondary institutions to teach their students to manage time and money wisely while they are in school and after graduation. USA Funds Life Skills can be implemented to benefit all of your students, not just your student-loan borrowers. USA Funds Life Skills consists of modules covering personal-finance issues for students. This highly flexible course can be used with students on academic probation or with student athletes, integrated into career services or a freshman-orientation program, or added as a credit class in your academic offerings.

The program makes students wiser consumers of higher education by teaching them basic strategies for managing their finances and for completing their degree work in a timely manner. In addition, it supports efforts by financial-aid administrators to be good stewards of their institutions' education-loan-default rates.

Each of the modules of USA Funds Life Skills is designed as a one-hour workshop that can be presented individually, or the entire series can be presented as one four-hour course with a one-hour refresher. Each module includes an instructor training manual, a student skills book, presentation slides, a video and an interactive CD-ROM with student skill-building activities.

The modules cover the following strategies and skills:

- Module 1 — “Get a Grip on Your Finances — Smart Spending for Students” — covers strategies for managing money wisely while in school. Budgeting exercises help your students learn to balance their income and expenses.
- Module 2 — “Seek out Financial Aid — Funding Resources and Financial Obligations” — focuses on strategies for obtaining financial support and understanding related responsibilities.
- Module 3 — “Work Hard But Smart — How to Be Successful in School and Graduate on Time” — features strategies for succeeding in school and completing education in a timely manner.
- Module 4 — “Take Control of Your Future — Finishing School and Repaying Your Loans” — focuses on strategies and skills for succeeding in school and following graduation.
- Module 5 — “Now That You Are About to Graduate — Taking Control of Your Life” — covers options for repaying education loans, as well as borrower rights and responsibilities.

There is no other program like USA Funds Life Skills currently available to postsecondary institutions. The professionally developed curriculum makes the program easy to deliver. USA Funds Life Skills is flexible, and your institution can tailor the program in the following ways:

- Deliver as a package or by module.
- Enhance entrance and exit counseling.
- Deliver to students of any age, at any level.
- Offer in partnership with other student-services offices or during student orientation.

To address the unique needs of graduate and professional students and adult learners, USA Funds has enhanced USA Funds Life Skills with the following modules and minimodules:

- Module 6 — “Embrace New Academic Challenges — Drafting Your Professional Plan” — assists students who are considering or beginning graduate or professional programs of study.
- Module 7 — “Connect as a Couple — Confronting Relationship Challenges Together” — helps students and their partners manage relationship changes and challenges while in school.
- Module 8 — “Take Stock — Devising a Realistic Financial Plan” — helps students make a budget, live within their means, manage their debt, and save some money.
- Module 9 — “Live Like a Student — Managing Your Funds” — provides graduate and professional students with advice for maximizing the return on their investment in education, stretching resources and making every dollar count.

- Minimodule 1 — “Re-Entering School — How Do I Adjust My Standard of Living?” — is an interactive CD-ROM that offers graduate and professional students tips for coping with the financial and academic challenges they likely will face.
- Minimodule 2 — “How Do I Survive During My Residency?” — is an interactive CD-ROM that offers medical students and residents tips for coping with the financial challenges and stress they will encounter.
- Minimodule 3 — “Couple Talk — How Do We Talk About Money Without Conflict?” — is an interactive CD-ROM that offers graduate and professional students and their spouses or significant others tips for coping with financial challenges while one or both are in school.

USA Funds Life Skills materials for graduate and professional students reinforce and build on the basic themes of the initial five modules of the program. This seamless approach allows schools to target modules to students’ level of developmental readiness.

In the future, USA Funds will develop additional USA Funds Life Skills materials, to address the following issues faced by graduate and professional students and adult learners:

- Helping students obtain financial support for their education, locate alternate sources of funding, stretch their resources, and make every dollar count.
- Teaching students how to make good decisions about loan repayment, including loan consolidation and loan deferment or forbearance, and to consider other employment-based repayment options.
- Managing credit-card debt.

USA Funds Life Skills is available to all USA Funds customers at no cost. In 2007 more than 350 institutions nationwide ordered USA Funds Life Skills materials.

B. Is information regarding repayment options available on your website?

Extensive loan-repayment information and options are available to borrowers on our website at [www.usafunds.org](http://www.usafunds.org).

C. Do you offer Deferment and Forbearance options on all your educational loans?

Deferment and Forbearance options are offered by the lender and are not performed by USA Funds.

D. What measures are taken by your company to educate and prevent borrowers from defaulting on their educational loans?

Consistent with USA Funds' nonprofit mission to enhance postsecondary preparedness, access and success, USA Funds invests significant resources in default-prevention and debt-management activities. Our efforts to help former students avoid the serious consequences and costs of loan default, and preserve the favorable default rates of our school-customers, go far beyond the minimum requirements of the FFELP.

For the fiscal year ending Sept. 30, 2007, USA Funds restored to repayment more than 91 percent of seriously past-due education-loan accounts, thereby averting more than \$16.7 billion in potential loan defaults nationwide. USA Funds' final 2005 rate of 4 percent represents a 0.8-percentage-point decline from USA Funds' final 2004 cohort-default rate of 4.8 percent. The national cohort-default rate, which includes both Federal and Direct Stafford loans, declined to 4.6 percent in 2005, from 5.1 percent in 2004.

These efforts to help former students avoid the serious consequences and costs of loan default, and preserve the favorable default rates include the following components:

**USA Funds Loan Counselor<sup>®</sup>**

USA Funds has developed a new counseling program for its school-customers. This innovative, interactive online counseling program includes entrance- and exit-counseling guides that make the program engaging and memorable for the student. The program is simple to use and provides operational efficiencies for the school.

**USA Funds Stafford Loan Guide<sup>SM</sup>** was designed with ease and simplicity in mind to aid students in the fulfillment of federal entrance-counseling requirements. USA Funds Stafford Loan Guide gives students advice about their student loans, helps them understand their rights and responsibilities as student-loan borrowers and allows you to monitor your students' progress in completing entrance-counseling sessions.

**USA Funds Student Loan Transition Guide<sup>SM</sup>** is an online exit-counseling program that presents students with information about their student-loan indebtedness, repayment estimates, eligible-borrower-benefits plans, loan-consolidation advice, and deferment and forbearance options.

**Debt-Management Consultations**

USA Funds supports an industry-leading debt-management/default-prevention initiative. To help implement a comprehensive plan that maximizes your students' access to loan-counseling, debt-management and default-prevention information, a specialized consultant can conduct a Debt-Management Review. This consultation, offered by USA Funds, reviews current default-prevention processes and suggests improvements and alternative strategies when appropriate.

The initial visit can be conducted either over the telephone or in person with the operational and decision-making staff to evaluate your default-prevention and debt-management processes. Following the interviews, the consultant will provide the staff with a confidential report of the findings and recommendations. Depending on the findings, the consultant will work with you to provide assistance in strengthening your debt-management and default-prevention activities. This assessment will identify areas of success and provide new strategies for areas of improvement.

### **USA Funds Debt Manager**

This Web-based default-prevention tool will assist schools in contacting their student-loan borrowers. USA Funds Debt Manager® tracks borrower and loan information, permitting schools to create customized e-mail, letter and telephone borrower-contact campaigns as well as enabling schools to create customized reporting on their campus portfolios. The application is designed to enhance schools' efforts to monitor and reduce cohort-default rates.

The application can accept data from any data provider that uses standard industry formats. School users automatically will have access to their students' data for all loans that reside on the USA Funds guarantee system or the Sallie Mae® loan-servicing system. The data routinely will be refreshed, while maintaining the integrity of any data the school has updated.

Using USA Funds Debt Manager, schools can design their own strategies for contacting borrowers, through letter and call campaigns, by selecting which borrower groups to contact, when to contact them and how to contact them. This targeted communication strategy helps schools achieve maximum impact with their borrower contacts. Schools can use USA Funds Debt Manager to prevent loan delinquencies by focusing on students entering repayment.

### **Online Best Practices in Debt Management Manual**

Available from the "Debt-Management Information" section of the USA Funds Web site, [www.usafunds.org](http://www.usafunds.org), this manual provides practical suggestions and tools to assist a school's debt-management and default-prevention efforts. The best-practices manual contains information, publications, downloadable forms, sample correspondence and many other tools organized by the various stages — origination, in-school, grace and repayment — of the life of a loan.

### **Default-Aversion Assistance**

USA Funds supports a team of more than 200 full-time professionals, who are backed by the latest technology and a sophisticated predictive model, to counsel borrowers who have fallen 60 days or more behind in their loan payments about the options for resolving their payment problems.

### **Borrower Debt-Management Information**

This service provides schools with the tools needed to help borrowers successfully keep track of their FFELP loans. Borrower Debt-Management Information is flexible and can be

generated based on your schedule. Schools can determine the month of report generation and choose the number of months' worth of data that they wish to receive. A preview roster is available one month prior to the actual run, giving schools time to update student-enrollment statuses as necessary.

You can use this information during exit counseling with borrowers. Loan data provided on the individual borrower form includes amounts borrowed for Federal Stafford loans, the lender or current holder of the loan, original loan amount minus cancellations, the loan period and interest rates. Borrower loan information for the borrower debt-management report can be requested from USA Funds' guarantor system, National Student Loan Data System and Sallie Mae's servicing system for private-loan data. By including NSLDS and private-loan data, borrowers will receive a more-complete picture of their indebtedness.

Available loan-counseling and debt-management materials include a repayment-counseling folder, a loan-log insert and repayment-guide brochure. BDMI can assist your institution in effective default prevention and your borrowers in timely student-loan repayment.

You can request that borrower debt-management reports be rerun for individual borrowers or groups of borrowers covering graduation dates for the previous six months.

### **School Reports**

USA Funds will provide your staff with two reports that can assist you in encouraging delinquent borrowers to reestablish good repayment behaviors, thereby promoting a low cohort-default rate and educating borrowers about the consequences of student-loan default.

The Delinquent Borrower by School Report is available through the Internet and includes any borrower whose payments are at least 60 days delinquent but who have not had a default claim paid on the loan.

If your institution is interested in contacting these students regarding their delinquency status, your staff will be able to import the names on the list into your system and sort them for a mailing. The records are sorted by cohort year and then by the borrower's last name. At our school-customers' request, the report also includes the borrower's certified repayment date and the number of days in delinquency. To keep schools informed of the status of a borrower's account, this report also includes a one-time listing of any account that has been resolved satisfactorily (deferment, forbearance or payment) or unsatisfactorily (default claim or suspended due to bankruptcy claim) from the previous month. These borrowers are listed at the end of the report.

Another report available through the Internet is the Paid Claims by School Report. This monthly report identifies which students have defaulted on their FFELP loans. If your institution chooses, your staff can contact these borrowers to educate them about the consequences associated with a defaulted student loan. Many institutions use these reports to counsel borrowers about the long-term impact of their current repayment patterns and encourage them to contact USA Funds regarding their loans.

### **Default-Prevention-Savings Calculator**

USA Funds has developed a calculator to help schools estimate the dollar savings associated with either a reduction in their cohort-default rates, or a favorable comparison of their cohort-default rates with the average rate for peer institutions.

Using our Default-Prevention-Savings Calculator, you will be able to estimate the dollar savings to your institution's borrowers and to U.S. taxpayers that resulted from your default-prevention efforts. To estimate these savings, you'll need to supply the following information:

- Your institution's cohort-default rates for 2004 and 2005.
- The number of your institution's borrowers and dollars of loans that entered repayment during the 2005 cohort year. These figures are included in the loan-detail information delivered to your institution as part of the electronic Cohort Default Rate Notification package from NSLDS.
- The total dollar amount of subsidized and unsubsidized Stafford loans that your institution awarded or expects to award this academic year.
- The number of students who borrowed or you expect will borrow, Stafford loans to attend your institution this academic year.

The calculator will return the following information:

- Average loan balance and average cost of default for your institution's borrowers who entered repayment in the 2005 cohort year, as well as for your students who borrowed during the current academic year.
- Measures of your default-prevention success, including the total number of borrowers prevented from defaulting, the total savings to these borrowers, and the savings to taxpayers for borrowers who entered repayment during the 2005 cohort year and for your current borrowers throughout the lives of their loans.

USA Funds has determined that on average, a default adds one-third of the default amount to a borrower's loan costs, and that an institution's cumulative default rate — the percentage of borrowers who default during the lives of their loans — is 3.3 times the institution's cohort-default rate. These figures approximate the averages for loans that USA Funds has guaranteed.

For schools that consistently have maintained low default rates, but did not record a significant reduction in their cohort rates between 2003 and 2004, the calculator may be used to estimate their default-prevention savings by comparing their institutions' default rate to average rates for peer institutions. Information about the Default-Prevention-Savings Calculator can be found on our Web site — [www.usafunds.org](http://www.usafunds.org).

- E. For those borrowers who default on their loan(s), what statistical information can you provide regarding your company's post-default recovery rate?

USA Funds' 2006 post-default recovery rate of 38 percent is superior to the guarantor average of 25 percent. USA Funds has fulfilled one of the many roles of a guarantor by recovering more than \$395 million in defaulted loans and helping borrowers remove this from their permanent credit records.

### **Loan Processing**

- A. Please give a general descriptive of your company's current loan delivery system, elaborating on the processing steps the borrower may complete with you online such as Online Applications, Entrance & Exit Interviews, and Electronic Signature for Promissory Notes.

From OpenNet<sup>®</sup> to ELM, USA Funds supports the leading Web-based services and processes to meet the specific needs of your institution. To expedite the loan process, USA Funds offers real-time loan guarantees as well as the blanket-guarantee process. USA Funds supports the PLUS-MPN process as well as electronic signatures on Stafford, PLUS and Federal Consolidation-loan promissory notes.

OpenNet is a Web-based loan-delivery system that was designed to provide schools with an easy-to-use tool to manage their application-tracking and school-certification processes. By using USA Funds, your institution can have all its FFELP loans guaranteed in real time, all the time and can also choose to get immediate response files for all applications or elect overnight response files. Real-time processing results in a more-rapid and efficient loan approval.

OpenNet has five distinct modules and incorporates features that enable the school to work more efficiently and communicate more effectively within the financial-aid office and across other campus divisions.

- **File Management System**— The cornerstone of OpenNet is File Management System. File Management System makes the entire loan-processing cycle easier to monitor, so the school can track the file at each stage. The system proactively monitors the transmission of files and ensures that any delays are resolved smoothly, so files are delivered to their appropriate destinations. It also identifies certain errors contained in files, which enables users to proactively correct erroneous records. The file-transfer functionality equips the school with unprecedented efficiency for data transmission and retrieval. The Transaction Manager component of File Management System

allows schools to either receive an external certification request for an alternative loan or data-enter an alternative loan. Institutional Student Information Record files can be imported into OpenNet to reduce the amount of data entry prior to certification of the loan.

- **Application Processing** — Processing and disbursement are expedited for your school — incorporating features like real-time updates and e-signature capabilities. OpenNet also seamlessly integrates with the school's own initiated flow.
- **Inquiry and Change Transactions** — Inquiry and change transaction processing is simple — viewing loan information and making updates to both individual and groups of loans. Changes can be made quickly and effectively, online with real-time results within the system. The Inquiry and Change Transactions module provides loan-history information for loan-level, demographic information and disbursement-level changes.
- **Query and Reporting** — The Query and Reporting module offers industry-leading search and reporting capabilities for enhanced visibility over numerous accounts throughout your entire process. The school can track and pinpoint application-population groups that may need the school's special attention. Customizable search capabilities exist that enable the school to tailor information sets according to the school's personal needs.
- **Counseling** — Counseling is available online for entrance, exit, annual MPN and repayment. The Counseling module provides information about budget management and borrower rights and responsibilities. Schools can request that entrance counseling be completed prior to the borrower's completion of the loan application.

OpenNet also can be co-branded by the school, using the school's graphics and colors. This offers the school the ability to seamlessly transition the borrower into the OpenNet application for completion.

Through the guarantor system in OpenNet, your institution has the ability to disburse loans via the Internet and EFT. The school also has the ability to control the disbursement process so that EFT disbursements arrive at planned times through the OpenNet platform.

Regardless of the student-loan-delivery system that you choose, USA Funds will continue to support your process. USA Funds has relationships with hundreds of lenders, so you can tailor your lender list to ensure compatibility with your processes and meet the unique needs of your students and their parents.

Our technical staff will continue to support your staff by answering all of your questions. Members of the electronic-services team will assist you by conducting on-site installation and training on any required software. A technical consultant will be assigned to analyze your unique loan-delivery processes to ensure that the setup and testing phases are successful. At all times during the process, your account executive will be your primary USA Funds contact to support your staff.

- B. If your lending (Guarantor) institution offers online Entrance and Exit Counseling, how is the information transmitted to the University or College?

**USA Funds Loan Counselor<sup>®</sup>**

USA Funds has developed a new counseling program for its school-customers. This innovative, interactive online counseling program includes entrance- and exit-counseling guides that make the program engaging and memorable for the student. The program is simple to use and provides operational efficiencies for the school. You can get on demand reports that can be used to meet reporting requirements established by the U.S. Department of Education. You can pull reports on individuals or groups of students and track their progress when it is convenient for you. Notifications are available when borrowers have completed counseling: daily, weekly or monthly.

**USA Funds Stafford Loan Guide<sup>SM</sup>** was designed with ease and simplicity in mind to aid students in the fulfillment of federal entrance-counseling requirements. USA Funds Stafford Loan Guide gives students advice about their student loans, helps them understand their rights and responsibilities as student-loan borrowers and allows you to monitor your students' progress in completing entrance-counseling sessions.

**USA Funds Student Loan Transition Guide<sup>SM</sup>** is an online exit-counseling program that presents students with information about their student-loan indebtedness, repayment estimates, eligible-borrower-benefits plans, loan-consolidation advice, and deferment and forbearance options.

- C. Can Financial Aid Administrators review your reports online or exported queries on pending applications and if so, can statistics, data, and borrowing trends on individual or groups of students also be reviewed?

Yes. OpenNet Web Loan Delivery has a pending certification query where you can see applications that are awaiting certification. OpenNet Web Loan Delivery reports the number of borrowers who chose a specific type of loan program for a defined loan period or the number of borrowers who chose to e-sign. Custom reporting is available and it provides data on institution, borrower, student and loan information, however, it does not reflect borrowing trends.

Custom reporting will allow you to perform statistical analysis outside of OpenNet to show individual/group trends.

- D. What is the processing time for approved loans once all necessary information has been provided by the borrower and educational institution?

By using USA Funds. FFELP loans guaranteed in real time, all the time and can also choose to get immediate response files for all applications or elect overnight response files. Real-time processing results in a more-rapid and efficient loan approval.

**Loan Processing Cont.**

- E. Can the borrower monitor the progress of the loan and are they notified of the approved loans disbursement to the University or College?

Yes, borrowers can monitor the progress of their loans via OpenNet Web Loan Delivery. Borrowers are sent notification letters to go to OpenNet and complete/sign their loans. This fall, there will be enhanced main menus and clearer status information so borrowers can monitor the progress of their loans, along with outstanding information that may be required and methods to provide it to clear up any discrepancies.

- F. How may a borrower cancel the loan with you prior to the disbursement of funds to the school?

Borrowers may log into OpenNet Web Loan Delivery and cancel their loans if the school allows this functionality. If not, the school also may have the ability to cancel the loan for the borrower.

- G. What security measures have your company set up in order to prevent identity theft, fraud, or protect the privacy rights of the borrower, co-signer, and/or school using your online services?

The Multi Factor Authentication and Common Login Account Maintenance (MFA/CALM) project is being implemented this fall. This will put in place additional borrower verification measures by taking a "thumbprint" and storing the information on the database. Currently, OpenNet Web Loan Delivery verifies three of five factors before providing borrower access.

- H. Do you participate in a consolidation program? If so, please elaborate on the services you offer to assist the student in determining if they should consolidate their loans and the benefits of doing so with your lending institution.

Yes. USA Funds guarantees Federal Consolidation loans. Our website, [www.usafunds.org](http://www.usafunds.org), provides significant information to borrowers and outlines the potential benefits and drawbacks of loan consolidation.

### **Disaster Recovery Plan**

- A. In an event of a natural disaster, what steps does your company have in effect to relocate and secure borrower's information?

Both USA Funds and its guarantor-servicer, have business-continuity/disaster-recovery plans. These plans are tested on a regular basis and were put to the test during hurricanes Katrina and Rita and proved to be successful.

- B. In an event of a disaster to which school services are interrupted or cancelled for the semester or school year, what services do you currently have in place that will offer up-to-date information to the borrower concerning funds that may be discharged or returned due to unexpected, non-enrollment?

Our guarantor-servicer uses and integrates a variety of management security tools and methods to monitor, detect, and protect our processes and systems in accordance with the requirements outlined in our Corporate Information Security Program. Anytime we learn of a disaster that impacts any of our school and student customers, the compliance department of our guarantor-servicer immediately contacts the Dept of Education for guidance. The compliance department actively communicates with the Dept of Education to ensure we offer all of our impacted customers relief and incentives that the Dept of Education has authorized. As demonstrated in the aftermath of hurricane Katrina, our guarantor-servicer proactively scans our customer database to identify customers in zip codes the Dept of Education designates as eligible for assistance and attempts to contact them.

- C. Are you currently under contract with a private security system or do you work with another agency to secure vital documents or technical information? If so, please provide their contact information.

Our guarantor-servicer has incorporated several security-management tools into its processes. These tools include:

1. A commercial intrusion-detection system for both network and host based systems was deployed in May 2007. All outgoing e-mails containing non-public information (such as customer SSNs, account numbers, and charge card numbers) must be encrypted. A software tool monitors electronic communications for compliance with this corporate policy. This software tool blocks any electronic communication found to be in violation of this corporate policy.
2. A commercial log-analysis tool was deployed to manage our various system, database, and applications logs.
3. Commercial software to manage files, directories and datasets was deployed, in addition to the management tools inherit to those systems.
4. A commercial virus package was deployed on all workstations and servers. These signatures are updated on a continual basis with new signatures. In addition, all internally bound e-mails are scanned for viruses prior to being routed to the internal network.