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November 17, 2021

The Honorable Elizabeth Warren
U.S. Senate
309 Hart Senate Office Building
Washington, DC 20510

***SENT VIA ELECTRONIC DELIVERY***

Dear Senator Warren:

This letter is in response to your November 3, 2021 inquiry requesting information about the Pennsylvania Higher Education Assistance Agency's (PHEAA) plans to ensure a smooth transition of the federal student loan accounts we currently service as we plan for our exit from the Federal loan servicing contract. We respectfully ask your office to share this response with the cosigners of the November 3, 2021 inquiry.

PHEAA, a state agency in the Commonwealth of Pennsylvania with a public service mission, desired to ensure a smooth and timely transition of borrower accounts when on July 8, 2021 we gave direct notice to Richard Cordray, FSA's Chief Operating Officer and followed up in writing of our decision that PHEAA would not continue in the federal student loan servicing space following the expiration of our contract on December 14, 2021. In providing this ample, five-month advance notice of our business decision, we considered the need for FSA to determine its course of actions with regard to the renewal of servicer contracts and the need to transfer federal loans back into repayment with the then September 30, 2021 resumption date. PHEAA's notice of non-renewal was given prior to any FSA servicer contract extension offers or apparent issuance of new servicing standards for those servicers who chose to continue being a federal student loan servicer.

At the time of notification to FSA, on July 8, 2021, PHEAA submitted a loan transfer plan that would have provided for more than half of the 8.5 million student loan borrowers on PHEAA's servicing system to have been transferred to another servicer with the least disruption for borrowers, on or before December 31, 2021.

Since August 2021, PHEAA has worked diligently with the team at FSA to provide data, information, and revised plans. In October, FSA approved a partial plan to transfer approximately 3 million of the 8.5 million borrowers to multiple servicers, as designated by FSA, through January 31, 2022. There will then be a pause in the transferring of accounts to allow for the resumption of repayment activities (to include PSLF borrowers). At a future date not yet determined by FSA, the transfer of accounts will resume to FSA selected servicers.

PHEAA remains committed to a smooth transition for customers impacted by these changes. As you know, PHEAA as a servicer is not permitted to move forward on these significant and far-reaching initiatives without formal guidance from FSA. The transfer of FedLoan serviced and FSA owned borrower accounts is - as are the other new initiatives being put forward for borrowers - dependent on action, direction, approval, and implementation by FSA. FSA also would be a good source to provide additional insights as to its planning for the transfer of these accounts and its work with its servicing partners to ensure borrowers are well cared for.

**Question 1** – What is your plan to communicate with borrowers about the transition?

a. Have you already conducted outreach to borrowers about the transfer? If so, please describe the notices that were sent out, their format, and how many borrowers were reached.

PHEAA continues its efforts to ensure borrowers are provided appropriate information surrounding the July 8, 2021 announcement that PHEAA would no longer be servicing loans on behalf of the Department of Education (DOE) after expiration of our contract in December 2021. Once the announcement was made, PHEAA immediately updated its Website with the following information:

> ***"In the coming months, we will be working with Federal Student Aid (FSA) to conduct a smooth transition of your loans to a different servicer over the next year. FedLoan Servicing will continue to service all loans until they are transferred to another FSA designated servicer. Please note that this change will not affect the existing terms, programs, or available repayment plans on your loans nor will it affect the temporary suspension of payments and 0% interest benefits applied for the COVID-19 emergency.***
>
> ***Communications will be sent as more details become known. You can also visit StudentAid.gov/fedloan for the latest updates and information on loan transfers."***

In addition to the website updates, PHEAA has begun sending "Goodbye Notices" to borrowers fifteen days ahead of their loans transferring to their new Servicer. These notices include pertinent details regarding the transfer, including contact information for their new Servicer, any actions they may need to take, and the date of the transfer.

PHEAA also provides its Customer Service Representatives (CSR)s with updates regarding each transfer to include when the "Goodbye Notices" are sent, the effective date of each transfer, and details specific to each new Servicer. These communications include:

- Name of the new Servicer (MOHELA, Nelnet, Navient, etc.)
- Transfer number (i.e., Transfer 1, Transfer 2, etc.)

- Approximate volume of borrowers being transferred
- The date of the transfer
- The date the "Goodbye Notices" were provided
- Contact information for the new servicer
- Direct Debit notice

A centralized, intranet page was also created to house all transfer communications in one common area for CSRs to quickly and easily reference.

b. How have you communicated information to borrowers about the recently announced waiver and appeals opportunities in the PSLF program?

PHEAA continues to take immediate and comprehensive steps to ensure the customers we service are provided the most up to date information regarding the new initiative. PHEAA has enhanced internal communications to CSRs, as well as borrower facing communication platforms, which include its Website, Borrower Portal/Online Account Access, Interactive Voice Response (IVR) messaging and Social Media messaging products.

Prior to the PSLF Limited Waiver Period announcement, CSRs were provided an "Upcoming PSLF Changes Q&A" document in order to assist with anticipated borrower inquiries. Since the announcement, PHEAA continues to provide updates to its CSRs as additional information becomes available. These updates are included in PHEAA's Customer Resource Management (CRM) Knowledge repositories and "CSR email Alerts".

PHEAA continues to ensure its borrower facing communication platforms direct borrowers we service to the most up to date information available from FSA. PHEAA's Website, Borrower Portal/Online Account access, IVR and Social Media platforms were initially updated to direct borrowers to the StudentAid.Gov/PSLFWaiver webpage, which provides the most up to date summary of the PSLF Limited Waiver initiative. Most recently, PHEAA took added steps to ensure its PSLF borrower facing communications included the following message with the intent to reassure its borrowers that it is working to support their needs:

> "**NOTE:** The information contained in this communication is based on the current PSLF program regulations. FedLoan Servicing will implement all PSLF Limited Waiver Program (LWP) regulation changes as directed by the U.S. Department of Education (ED) when detailed instructions are provided specific to your account. Individual borrower account adjustments must be provided by Federal Student Aid (FSA); we are working expeditiously to complete adjustments as we receive the required information. This means changes to your loans, if affected by the waiver, may not be

reflected in this correspondence. Please visit StudentAid.gov/pslfwaiver for more information including an estimated timeline for execution of the LWP."

Lastly, FSA has begun to send PHEAA a small segment of customers for adjustment, and PHEAA will continue to promptly process changes to borrowers' loans as directed by FSA.

**Question 2** – Has your company conducted an internal[1] review of borrowers' accounts ahead of the transition?

a. Specifically, has your company conducted an internal[1] review of borrowers' income driven repayment (IDR) plans ahead of the transition?
   i. If so, what are the most common errors?
      1. If so, what are the most common reasons for errors?
b. Do you expect all errors to be corrected before borrowers are transferred to a new servicer?
   ii. If not, what are the barriers to implementing necessary corrections?
   iii. If not, what actions are you taking to assist borrowers in having these errors corrected by their new servicer?

As part of PHEAA's standard process, and irrespective of the transition, PHEAA's Enterprise Quality Assurance (EQA) department performs quality assurance reviews of key Federal portfolio activity (inclusive of but not limited to IDR processing). Errors are corrected by business unit staff and corrections are validated by EQA.

PHEAA anticipates addressing any open remediations with FSA guidance prior to loans being transferred to an FSA designated servicer. In the event remediation is unable to be completed prior to transfer, PHEAA will work with the new servicer to ensure all pertinent information is provided in order to facilitate accurate and timely resolution of the noted issue.

**Question 3** – Please describe your company's document retention plan. Please provide specific details on your company's document retention plan pertaining to records of borrowers eligible for PSLF.

a. How long will your company maintain records for its current borrowers?
b. How are these records being made available to the borrower now and in the future, and to their future servicer?

[1] The question as originally received used the word "interval," which PHEAA has changed based on our belief it was intended to read "internal."

c. How does your company document complaints or other notes and information from borrower communications and will these be made available to their future servicer?

First, as PHEAA recently entered into a one-year extension of its federal loan servicing agreement with FSA, until December 14, 2022, its current document and data retention standards have not changed. PHEAA possesses all data elements related to borrowers' accounts, which includes (but is not limited to) activity detail records, deferment and forbearance records, and payment histories. PHEAA also maintains access to electronic copies of all paper documents, which would include borrower promissory notes, bills and correspondence. Borrowers with active accounts are able to access information related to their loan records through several channels, including PHEAA's online portal, as well as contacting PHEAA and requesting a copy of any and all records related to their accounts. Notably, as PHEAA continues to transfer active borrower files, the new servicer will receive a copy of all data and documents in a manner consistent with the transfer-process established by FSA. PHEAA also retains a static copy of these transferred files. For borrowers whose files are currently inactive (for example, borrowers whose accounts are already paid in full), PHEAA possesses a static copy of these files, and will transfer these records to a new servicer, as designated by FSA. To the extent a borrower has submitted a complaint to PHEAA, this information would be notated accordingly in their file, and such information will be readily available to the new servicer.

Separately, PHEAA and FSA have been working collaboratively to establish a new data and document retention agreement, which will become effective upon the expiration of the contract extension in December 2022. Although the details of this agreement continue to be negotiated, PHEAA anticipates that FSA will permit PHEAA to retain a copy of all borrower documents and data, including such information for PSLF borrowers, in static format for an established period of time which PHEAA anticipates will be consistent with state and federal consumer protection laws. This retention agreement will also be consistent with a recent instruction that PHEAA received from the CFPB to preserve any and all data and documents related to PHEAA's federal student loan servicing activities. This instruction remains in effect through the duration of PHEAA's federal loan servicing contract, and FSA is aware of this directive.

**Question 4** – Please describe your company's transitional staffing plan and how it will ensure that borrowers and their future servicers can obtain support from your company with correcting any problems discovered after their transition to a new servicer. Please provide specific details on your company's transitional staffing plan as it relates to supporting borrowers eligible for PSLF.

As PHEAA deconverts the accounts off our system to the new servicer(s), any issues would be resolved during the transition or after deconversion. As communicated to FSA, PHEAA's transition plan requires PHEAA to maintain appropriate staffing based on the number of borrowers currently being serviced by PHEAA; including PSLF borrowers until such time as those loans are transferred. In collaboration with FSA, PHEAA is working closely with the new PSLF servicer(s) to provide the information relative to the

PSLF program to prepare for their servicing of the program. PHEAA is committed to providing borrowers and the new PSLF servicer with the necessary information to ensure a smooth transition.

a. For what period of time does your company plan to maintain staff?
As communicated to FSA on numerous occasions, until a final deconversion schedule is approved by FSA, PHEAA is committed to maintaining appropriate staffing to support the customers serviced by FedLoan Servicing. The expectation is to have all loans off PHEAA's system by the fall of 2022. PHEAA will maintain a core group of staff to manage any outstanding activities through the expiration of the FSA contract.

b. How many staff members does your company plan to maintain to specifically help borrowers with questions and concerns during the transitional period?
Consistent with our communication to FSA, PHEAA plans to staff based on the volume of borrowers on our system, historical contact center volumes, anticipation of an unprecedented number of customers entering repayment, and its commitment to maintaining appropriate staffing to ensure a high level of customer service. PHEAA also collaborated with FSA on our staffing plan for the return to repayment and shared a detailed plan with them. Post transition, the new servicer should be sufficiently able to support borrower inquiries after the loans have deconverted off PHEAA's system. PHEAA is planning to adjust staffing based on the number of borrowers we are servicing throughout this transition period; thus, when FSA has approved a complete transfer plan, PHEAA will maintain an appropriate level of staffing.

c. How is your company sharing training materials, lessons learned, and other materials with ED and other servicers?
Based on the FSA approved transition plan, training materials have and continue to be provided as applicable for specialty programs, as well as demonstrations of associated processing and customer tools. PHEAA is committed to ensuring a smooth transition both for the customer, and the new servicer(s), in order to provide excellent customer service throughout the process.

**Question 5** – "Please describe your company's compliance management system and how it will ensure senior leadership will be made aware of issues that rise related to the transition."

Overall responsibility for PHEAA's Compliance Program resides with the Chief Risk Officer (CRO). Oversight and strategic guidance are provided by the Board of Directors (BOD), the Executive Committee of the Board, and the CEO. The BOD delegated authority of Compliance matters to the Executive Committee (EC) of the BOD, which receives regular updates from the CRO.

PHEAA utilizes the Three Lines of Defense model, the Three Lines of Defense are as follows:

- The *First Line of Defense* is comprised of operations and risk owners. Each business unit has oversight of their respective day-to-day activities and related risk identification and mitigation. The first line of defense reports to senior management and informs Enterprise Risk Management (ERM) and Compliance regarding compliance matters.
- The *Second Line of Defense* is comprised of implementation oversight and monitoring functions and reports to senior management and the PHEAA Board of Directors. The second line of defense has responsibility for monitoring and reporting on risk related matters at an enterprise level including (but not limited to): Security, Privacy, Compliance, Third Party Risk Management, and Quality.
- The *Third Line of Defense* is comprised of Internal Audit. Internal Audit's oversight spans the Agency. The third line of defense reports to the Chief Executive Officer and the Audit Review Committee of the PHEAA Board of Directors.

PHEAA's Internal Audit and Compliance departments (which report to senior management and the BOD, as described above) are performing monitoring activities over the transition. Any issues identified during the course of these monitoring activities are communicated to management.

Specific to PHEAA's Compliance department, Compliance performs testing of key risks associated with the Federal Student Loan portfolio. Testing is performed to assess PHEAA's compliance with laws, regulations and contractual terms. All open Compliance Testing exceptions are communicated to management for corrective action, and the impacted loans are excluded from transfer as necessary, until the issue is resolved.

Specific to PHEAA's Internal Audit department, Internal Audit performs risk-based audits based on a four-year cyclical audit plan. Those internal audits are continuing to be performed as the transition of the Federal portfolio is occurring. In the event FedLoan accounts that require remediation activities are discovered over the course of conducting audit activities the issues will be communicated to business unit management, and the impacted loans are excluded from transfer as necessary, until the issue is resolved.

Additionally, PHEAA's Internal Audit and Compliance departments are also performing monitoring activities over the deconversion of the Federal portfolio. These activities include:

- reviewing the loans identified for each transfer,
- reviewing borrower notifications,
- verifying that the transfer file and supplemental reports are provided to the new servicer,
- reconciling borrower and loan counts,
- testing customer correspondence, and payments still in processing.

If issues are identified during the course of these monitoring activities, communication will occur with business unit management to allow for review, and to establish a resolution as applicable. By virtue of the mechanisms described above, such issues would also be escalated to senior management and the Board, as applicable.

a. Will your company self-report issues that implicate compliance with federal consumer financial law to the Consumer Financial Protection Bureau, or the relevant state financial regulator or state attorney general?
b. Where your company has self-reported an issue to federal or state consumer protection official, will your company automatically notify the appropriate staff at the Office of Federal Student Aid?

In addition to FSA, who is conducting federal loan transition monitoring, the CFPB, in conjunction with approximately twenty (20) state Attorneys General and/or financial regulators, has been actively overseeing the federal student loan transfer process. This oversight includes routine meetings, reporting, and transactional testing provided by PHEAA to the CFPB and the representative states. This level of significant oversight is being conducted with the full awareness of FSA, and to the extent any issues are detected, FSA will be made aware.

As we continue our efforts to partner with FSA to support the customers FedLoan services and move federal student loan accounts to FSA selected servicers, we will do so with integrity and in partnership with FSA as it embraces the position FedLoan has strived for every day - *borrowers first*. We will ensure that we deliver quality service to everyone with whom we engage as we transfer our loans in accordance with the instructions and guidance of FSA. PHEAA will cooperate with our regulators to ensure the transition is done in accordance with proper protocols and transparency. PHEAA will engage in doing all we can to ensure, as we have for many years, that the requirements set forth by the Department of Education are appropriately implemented as directed and borrowers receive the best information and services available.

Sincerely,

Stephanie Martella

Stephanie Martella
Senior Vice President
Client Relations, Loan Operations, and External Audits

Cc: PA Delegation
Federal Student Aid

**New Hampshire Higher Education Loan Corporation**
4 Barrell Court, Concord, New Hampshire 03301
800-719-0708

November 17, 2021

The Honorable Senator Elizabeth Warren
317 Hart Senate Office Building
Washington, DC, 20510

The Honorable Senator Chris Van Hollen
110 Hart Senate Office Building
Washington, DC, 20510

The Honorable Senator Tina Smith
720 Hart Senate Office Building
Washington, DC, 20510

The Honorable Senator Sherrod Brown
503 Hart Senate Office Building
Washington, DC, 20510

The Honorable Senator Richard Blumenthal
706 Hart Senate Office Building
Washington, DC, 20510

The Honorable Senator Edward J. Markey
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Senator Robert Menendez
528 Hart Senate Office Building
Washington, DC 20510

Dear Honorable Senators,

On behalf of Granite State Management & Resources (GSM&R), a New Hampshire based non-profit, I am pleased to respond to your inquiry dated November 3, 2021, concerning the status of our direct student loan portfolio transfer to EdFinancial Services (EdFinancial).

In July 2021, the New Hampshire Higher Education Loan Corporation (NHHELCO or Company dba Granite State Management & Resources [GSM&R]) Board of Trustees voted in favor of exiting the servicing contract with the Office of Federal Student Aid (FSA) within the Department of Education (ED). Subsequent to this vote, notifications were made to the FSA and the Consumer Financial Protection Bureau (CFPB) and other public channels.

**New Hampshire Higher Education Loan Corporation**
4 Barrell Court, Concord, New Hampshire 03301
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Ensuring transparency and a seamless transition with a focus on the prevention of borrower harm are the primary operational and strategic objectives of our transfer of federal loans to EdFinancial. Critically, GSM&R and EdFinancial share the same borrower servicing platform that is entirely hosted by Nelnet, another third party servicer for the administration and repayment of federal student loans. This means that our transfers will not involve the export, translation and import of account information; rather, loan transfers from GSM&R to EdFinancial are being conducted within Nelnet's system. This intra-system transfer process eliminates many types of potential errors that could occur in transitioning the loans.

In addition, GSM&R's transfer plan is guided by a detailed, tactical exit strategy, which was created to align with FSA's GSM&R Shutdown Plan. Our overarching strategy is being internally managed with dedicated project management resources. Record retention will be managed in accordance with both FSA contractual requirements and the record retention directive instituted by the CFPB.

The transfer process includes eight phases, seven of which have been successfully completed to date.

| Pre-Conversion Notice (GS) | Transfer Date | # Borrower's (unduplicated numbers) | # Loans | Loan Status |
|---|---|---|---|---|
| 8/23/2021 | 9/7/2021 | 7,833 | 26,017 | Opt-out, Sampling of all statuses |
| 9/7/2021 | 9/22/2021 | 184,201 | 761,831 | In-School / Grace / COVID Forb |
| 9/16/2021 | 10/7/2021 & 10/8/2021 | 203,898 | 772,054 | In-School / Grace / COVID Forb (No-Income-Driven-Repayment [IDR] Repayment Plans) |
| 9/28/2021 | 10/20/2021 & 10/21/2021 | 250,462 | 993,683 | In-School / Grace - Standard Repayment Plan only (No-IDR Repayment Plans) |
| 10/5/2021 | 10/27/2021 | 245,698 | 896,733 | In-School / Grace / COVID Forb (No-IDR Repayment Plans) |
| 10/12/2021 | 11/3/2021 | 268,958 | 995,874 | In-School / Grace / COVID Forb (No-IDR Repayment Plans) |
| 10/19/2021 | 11/10/2021 | 117,340 | 467,248 | Specialty / COVID Forb/ In Repayment (IDR Included) (I30/I40 w/$0.00 included) |
| N/A | 12/1/2021 | TBD | TBD | PIF w/in 30 days of 1st transfer, 6 months from Disaster Discharge date |

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Complaint management remains a top priority. GSM&R has recorded a total of 133 consumer complaints from the FSA borrower cohort between August 23, 2021 (i.e., the start of the FSA Exit process) and November 1, 2021. Of the 133 complaints, 123 have been resolved, and 10 are pending further review and resolution.

To help ensure a successful transition of Federal Direct student loans to EdFinancial, consumer complaints related to the transfer are escalated to management daily. In addition, we are tracking complaint activity that is explicitly related to the transfer of loans. A total of eight transfer-related complaints have been received since August 23, 2021. During September and October 2021, we received three and four transfer-related complaints, respectively. For month-to-date November 2021, we received one complaint. All transfer-related complaints received to date have been thoroughly investigated and closed.

GSM&R has continued all normal course of business reporting to FSA and internal management throughout the transfer process. Additional external reporting and daily status meetings occur between the FSA, the receiving servicer, EdFinancial, and GSM&R. Transfer-related reporting is also occurring for the CFPB.

## Requested Information

1. ***COMMUNICATION PLAN – What is your plan to communicate with borrowers about the transition?***
    a. *Have you already conducted outreach to borrowers about the transfer? If so, please describe the notices that were sent out, their format, and how many borrowers were reached.*
    b. *How have you communicated information to borrowers about the recently announced waiver and appeals opportunities in the PSLF program?*

**Response:**

GSM&R has been diligent in communicating with borrowers regarding the transfer to EdFinancial. In accordance with the FSA GSM&R Shutdown Plan.

**1a.** GSM&R sent pre-transfer notifications at least 15 days prior to the estimated transfer date, using each borrower's approved elected communication channel (i.e., paper or e-correspondence). The pre-transfer notifications provided the approximate date of transfer, the name of the servicer to whom the accounts were being transferred, and the receiving servicer's (i.e., EdFinancial) contact and payment address information. The pre-transfer letter also included frequently asked questions (FAQs). When borrowers call GSM&R, trained staff members are able to relay transfer timing, contact information, and other transfer specific-information.

GSM&R's website, gsmr.org, was updated to provide additional information on the transfer; it also provides a link to StudentAid.gov/granitestate for the latest updates and transfer information.

The timeline of notifications is in the aforementioned progress table.

The number of borrowers in the outreach is noted below.

| | |
|---|---|
| # Pre-Transfer Letters Sent | 1,273,522 |
| # of Pre-Transfer Letters returned (Invalid or change of address) | 8,228 |

**1b.** GSM&R is a non-PSLF servicer. If a borrower has PSLF inquiries, we are able to assist with high-level questions and further assist the borrower with guidance, directing the borrower to StudentAid.gov for additional information. The PSLF servicer would then notify GSM&R to include the account in the next scheduled PSLF transfer. The PSLF servicer would then resume servicing for that borrower.

2. ***BORROWER ACCOUNT PREPARATION – Has your company conducted an interval review of borrowers' accounts ahead of the transition?***
   a. *Specifically, has your company conducted an interval review of borrowers' income driven repayment (IDR) plans ahead of the transition?*
      i. *If so, what are the most common errors?*
      ii. *If so, what are the most common reasons for errors?*
   b. *Do you expect all errors to be corrected before borrowers are transferred to a new servicer?*
      i. *If not, what are the barriers to implementing necessary corrections?*
      ii. *If not, what actions are you taking to assist borrowers in having these errors corrected by their new servicer?*

**Response:**

**2a.** GSM&R makes every effort to ensure accurate and complete information resides in the loan servicing system. GSM&R maintains a system of internal controls consistent with federal laws, regulations, policies and authoritative guidance. Control points are reviewed and tested frequently. Many of these control points include activity that validates accurate and complete information for borrower and loan records. In the normal course of business, GSM&R has reporting to detect potential account anomalies to be reviewed by staff. In addition, prior to each transfer, a review was performed to ensure the correct loan status populated for each transferred loan. Non-critical system fields known to cause errors in the onboarding process are scrubbed and reported to EdFinancial to ensure a seamless transmission and to allow EdFinancial to update the account(s).

GSM&R provides to the receiving servicer a supplemental report that provides data points such as recertification date, IDR start date, and next activity date. As borrowers reach a nine-month pre-forgiveness period, GSM&R has submitted documentation to FSA verifying IDR and forgiveness information. The information provided to FSA has not indicated any pattern of inaccurate account information. IDR accounts have also undergone review by external auditors and FSA.

**2b.** Error management is discussed in daily touchpoint meetings between FSA, EdFinancial, and GSM&R. Pre- and post-transfer reports are reconciled to ensure complete and accurate transfers. In addition, GSM&R's Finance department completes monthly reconciliations of financial information to ensure account reconciliation. All variances in reconciliation are cleared in a timely manner. Error tracking is managed through an ongoing error log between the two servicers.

3. ***RECORD RETENTION PLAN – Please describe your company's document retention plan. Please provide specific details on your company's document retention plan pertaining to records of borrowers eligible for PSLF.***

   a. *How long will your company maintain records for its current borrowers?*

   b. *How are these records being made available to the borrower now and in the future, and to their future servicer?*

   c. *How does your company document complaints or other notes and information from borrower communications and will these be made available to their future servicer?*

**Response:**

GSM&R's Records and Information Management Program is designed to provide guidance and consistency in maintaining, managing, and protecting the records and information required to operate the organization and to serve borrowers in an effective manner.

The Program applies to all records created, received, and maintained by the organization across divisions and functions, regardless of media or format or the storage location.

The Program requires GSM&R to:

- Maintain complete, accurate, reliable, and authentic records;
- Comply with all applicable laws, regulations, and guidelines;
- Retain records for the period of time legally required;
- Implement, in the due course of business, appropriate destruction of records no longer needed for approved purposes;

- Suspend destruction of records in the event of pending or imminent investigation or litigation; and,
- Identify and protects essential records.

GSM&R's record retention plan aligns with FSA retention requirements for all federal servicers.

As GSM&R is not a PSLF servicer, any records received prior to the borrower transfer to the PSLF servicer (i.e., currently PHEAA) would be maintained in the borrower's document imaging file or within the servicing system at GSM&R. Upon account transfer to PHEAA, all documents and information are forwarded within the standard transfer file formats.

**3a.** GSM&R is managing record retention compliance to:

- FSA contractual requirements
- The CFPB's Record Retention directives.

GSM&R will execute in accordance with the FSA GSM&R Shutdown Plan to securely decommission the GSM&R systems, call centers, and close out all other security-related items and, in addition, determine any temporary or permanent records that need to be preserved, based on applicable requirements.

**3b.** GSM&R has implemented a process in cooperation with FSA and EdFinancial to make borrower records available to the borrower and to their future servicer, and to successfully transition all current loan servicing activity.

Although all borrower loan records will be transferred to EdFinancial on or prior to December 1, 2021, the GSM&R Customer Service Call Center will maintain access to borrower records and will continue to handle inquiries from borrowers through February 11, 2022. Borrowers whose loans have been transferred and who are assisted by our Call Center during this period will also be informed that EdFinancial can respond to their inquiry from that point forward. GSM&R will continue to monitor incoming emails from borrowers through December 31, 2021. All incoming emails needing EdFinancial action will be forwarded to EdFinancial during this time. The GSM&R borrower account management website contains information and advisory messages for borrowers related to the transfer, including information to contact the successor servicer. GSM&R's borrower account management website, name of site, will remain active until February 11, 2022. After that date, borrowers attempting to reach our website will be redirected to EdFinancial's website.

All borrower records reside on the Nelnet platform utilized by both servicers. Borrower records will be accessible to the future servicer through information transfer protocols developed in coordination with FSA and EdFinancial.

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**3c.** All consumer complaints and other notes and information from borrower communications are documented by GSM&R and maintained as part of the borrower's account record. Additionally, if the information received is in written format (i.e., email, fax or mail), the document is scanned and retained in an imaging system and is associated with the borrower's account record. As noted above, borrower records are accessible to the future servicer through information transfer protocols developed in coordination with FSA and EdFinancial. Call recordings of conversations with borrowers are transmitted to EdFinancial in a secure method. Documents received for borrowers who have been transferred are provided to EdFinancial on an ongoing basis for review and action.

In addition, every effort is made to resolve borrower complaints prior to loans being transferred. If a complaint cannot be resolved prior to transfer, the complaint is logged as work-in-process and closely tracked to ensure appropriate resolution efforts and communication with the borrower. Unresolved complaints are forwarded to EdFinancial with a status report and any related documentation.

4. ***RESOURCE MANAGEMENT – Please describe your company's transitional staffing plan and how it will ensure that borrowers and their future servicers can obtain support from your company with correcting any problems discovered after their transition to a new servicer. Please provide specific details on your company's transitional staffing plan as it relates to supporting borrowers eligible for PSLF.***
   a. *For what period of time does your company plan to maintain staff?*
   b. *How many staff members does your company plan to maintain to specifically help borrowers with questions and concerns during the transitional period?*
   c. *How is your company sharing training materials, lessons learned, and other materials with ED and other servicers?*

**Response:**

Because GSM&R is not a PSLF servicer, if any borrower has a PSLF inquiry, high-level questions are answered by GSM&R staff and the borrower is directed to StudentAid.gov for additional information. As such, we do not have a specific transitional staff plan related to supporting borrowers eligible for PSLF.

**4a.** GSM&R's transitional staffing plan provides for the ongoing assessment of staffing adequacy for the first 30, 60 and 90 days of the transfer process, through the December 31, 2021 Statement of Work (SOW), March 31, 2022 Contract End Date and future operational needs. This plan considers forecasted call volume and ongoing processing tasks related to the transfers, and it includes a framework for adjusting staff assignments going forward when necessary to support borrowers after their transition to a new servicer.

**4b.** The organization's retention strategy includes a phased approach to staff departures over the course of the loan transfer process to the new servicer, allowing GSM&R to maintain sufficient staff to support transitioning borrowers. Staffing levels are maintained through the scheduled loan transfer dates.

With loan transfers nearly complete, GSM&R's remaining staff consists of 22 contact center and 16 loan processing staff who will remain available to assist borrowers with questions and concerns related to their transition to the new servicer.

**4c.** With respect to information sharing, because the receiving servicer, EdFinancial, is a current Direct Loan servicer and as the FSA transfer is being executed in an intra-system environment, the sharing of training material has not been required. GSM&R's Servicing History Guide was shared with EdFinancial at the commencement of the transfer project.

5. ***COMPLIANCE MANAGEMENT SYSTEM – Please describe your company's compliance management system and how it will ensure senior leadership will be made aware of issues that arise related to the transition.***

   a. *Will your company self-report issues that implicate compliance with federal consumer financial law to the Consumer Financial Protection Bureau, or the relevant state financial regulator or state attorney general?*

   b. *Where your company has self-reported an issue to a federal or state consumer protection official, will your company automatically notify the appropriate staff at the Office of Federal Student Aid?*

**Response:**

GSM&R has a compliance management system of documents, processes, tools, controls, and functions to ensure an effective student loan servicing program and to comply with regulatory requirements. Operational roles and responsibilities span across the Company from first line business units to compliance and risk management along with external audit services. GSM&R established a process to ensure that senior leadership is made aware of any issues relating to the transition. Following the notification to FSA regarding GSM&R's decision to exit the contract for servicing federally held loans, GSM&R senior leadership staff began meeting daily to discuss the transfer preparation and activity associated with the transfers, including any possible issues identified.

**5a.** GSM&R will continue to self-report issues regarding compliance with federal consumer financial law to the CFPB or the relevant state financial regulator or state attorney general. In an effort to detect such issues, GSM&R implements a number of compliance management system protocols.

GSM&R monitors complaint activity on a daily basis; works directly with FSA staff to provide support of their monitoring activities of the transfer process; reviews support documentation to ensure that controls applicable to the transfer process, including Quality Control (QC) controls,; and, conducts process and protocol monitoring pre-and post-transfer in an effort to keep senior management apprised of any transfer issues.

In addition, weekly reporting is furnished to the CFPB and FSA of complaints pertaining to Federal Direct borrowers.

**5b.** GSM&R will continue to notify the appropriate staff at FSA when self-reporting an issue to a federal or state consumer protection official.

Seven of the eight identified transfers outlined by FSA are successfully completed. We remain committed to empowering students of all ages and backgrounds to discover and achieve their education and career goals. Our tactical and strategic plans are scheduled through Q2 2022 and beyond, if needed. Preventing borrower harm remains our top priority.

Thank you for the opportunity to provide responses.

Sincerely,

Christiana Thornton

President & Chief Executive Officer

NAVIENT

Jack Remondi
President and Chief Executive Officer
123 S. Justison St.
Wilmington, DE 19801

November 17, 2021

The Honorable Elizabeth Warren
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Chris Van Hollen
United States Senate
110 Hart Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
United States Senate
503 Hart Senate Office Building
Washington, DC 20510

The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Edward J. Markey
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

Dear Senators:

I am writing in response to your letter of November 3, 2021, regarding the recent transfer of the federal student loan servicing contract. I appreciate the opportunity to clarify some misconceptions you or your staff may have about this action and its effect on borrowers. First, the contract transfer has occurred already. Following receipt of the U.S. Department of Education's approval on October 20, 2021, all parties executed the novation that transferred the contract. Maximus is now responsible for the Department's 5.6 million borrowers, their records, and communications.

Second, it is important to note that this transaction is not a typical servicing loan conversion. In this transition, we worked to make the transfer seamless and easy for borrowers by ensuring that account information remains on the same servicing platform. As a result, there is no risk to borrower information nor any incorrect conversion of that information. As Federal Student Aid Chief Operating Officer Rich Cordray noted in his statement[1] approving the transfer: "borrowers will not lose access to their payment histories or account data, and they will not need to change

[1] Statement From Federal Student Aid Chief Operating Officer Rich Cordray Regarding Loan Servicer Contracts, October 20, 2021 (https://www.ed.gov/news/press-releases/statement-federal-student-aid-chief-operating-officer-rich-cordray-regarding-loan-servicer-contracts).

their current log-in information, automatic payment arrangements, or other borrower-specific details."

Further, mailing addresses and telephone numbers remain the same. Borrowers will call the same phone number to get assistance and mail their checks to the same Department of Education lockbox.

Borrowers will continue to have access to their payment histories and account histories as they do today through the same technology platform. There is no change to the payment counters for income-driven repayment plans nor changes to other benefits borrowers may have received. Further, because the servicing platform maintains the integrity of borrower information, Maximus and their customer service representatives have full access to borrower account information and, therefore, can address any borrower questions in the future.

As the outgoing servicer, Navient communicated with all 5.6 million borrowers to let them know they will start working with Aidvantage, the federal loan servicing unit of Maximus Education. We also created a helpful website available at Navient.com/aidvantage to address borrowers' frequently asked questions.

Finally, we are proud of our many accomplishments in helping student loan borrowers navigate an increasingly complex federal student loan system. The portfolio we transferred had the highest rate of borrower enrollment in income-driven repayment plans of any non-Public Service Loan Forgiveness servicer. This is due in part to the specialty IDR teams we trained and the innovations we developed to streamline processing for borrowers, such as the e-sign IDR application program, which nearly tripled the rate at which borrowers complete IDR applications.

We hope you find this information helpful for you and your constituents.

Sincerely,

Jack Remondi

December 8, 2021

The Honorable Elizabeth Warren
U.S. Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
U.S. Senate
720 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
U.S. Senate
503 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Chris Van Hollen
U.S. Senate
110 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Richard Blumenthal
U.S. Senate
706 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Warren, Brown, Blumenthal, Smith and Van Hollen,

Thank you for your letter of November 22, 2021. I appreciate the opportunity to answer your questions and clarify the facts about several matters raised in your letter.

As a long-term conflict-free contractor and partner in providing citizen services to government, Maximus is focused on the end-to-end borrower experience and supporting the Department of Education's Federal Student Aid program (FSA).

Maximus appreciates the confidence FSA has placed in us to service student loan borrowers. We look forward to meeting the Department of Education's highest standards for performance, transparency, and accountability by providing the stability and quality of service that student borrowers deserve. We will ensure the transition from Navient to Maximus is as seamless as possible and that borrowers are supported every step of the way as we help them manage the repayment of their student loans. This is a defining moment for student borrowers, and we could not agree more with you - it is imperative that we get it right.

I hope my responses to your questions will clarify matters you have raised help you and your staff appreciate the Department of Education's confidence in Maximus as servicing responsibilities transition from Navient to Maximus.

To provide some background, Maximus has held a contract with the U.S. Department of Education since September 30, 2013, to manage the Debt Management Collection System (DMCS) database of defaulted student loans. DMCS is a management system defined by, and monitored by, FSA to manage defaulted student loans. In partnership with FSA, we have met all their requirements and continue to implement technical improvements to the system at their direction. Through our period of performance of over eight years, this competitively-bid contract has held a value of $600 million.

Your letter expressed concern about the potential for a conflict between Maximus assisting the government on DMCS while performing pre-default borrower service. Maximus has a strong record of delivering independent and conflict-free service to government clients, and we take your concerns very seriously. Maximus will not make decisions or advise borrowers on loan origination or consolidation. We only act on behalf of FSA and will follow their established guidelines for loan servicing and will continue to work closely with FSA's compliance team on all established procedures. We do not view any inherent conflict of interest in the work we perform for FSA. On the contrary, our sole interest is in meeting the contractual obligations of each of our FSA contracts and providing exemplary customer service to borrowers.

In addition, your letter raises concern over a 2015 Inspector General audit. The deficiencies found in that audit were primarily attributable to a backlog inherited from a previous vendor. Indeed, Maximus worked closely with FSA to quickly remediate those identified issues and ensure they could not be repeated under our stewardship of the contract. We look forward to applying the same borrower-focused, continuous improvement approach to pre-default borrower service as we take on these critical new obligations from Navient.

Maximus respectfully but strongly disagrees with the characterization of the litigation referenced in your letter. Maximus has acted in accordance with all Department of Education FSA program requirements throughout our contractual tenure.

Your letter also noted the need for "a higher bar of accountability" and "commitment to working in service of borrowers," a viewpoint Maximus strongly shares. As a government contractor for more than 40 years, Maximus is grounded in our mission of "Helping government serve the people." Our goal is to provide high-quality service across every government contract we hold. Maximus is not a financial institution, does not, and will not ever originate, underwrite, or consolidate student loans. Maximus has a close partnership with FSA that emphasizes transparency and accountability to help meet the agency's mission and, most importantly, the needs of borrowers. We also are committed to working with organizations such as the Student Borrower Protection Center and similar advocacy groups to better understand the challenges facing borrowers and how -- in our contractual role -- we can best address their needs while supporting the FSA's goals related to program reform and a better borrower experience. We have found historically that listening and incorporating the views of advocates in our operations, from training to customer experience management -- as much as can be practicably accomplished -- can lead to significant increases in customer satisfaction and program efficacy.

Having assisted the government through challenging times, such as operating Healthcare.gov contact centers following the rollout of the Affordable Care Act (ACA), assisting callers with questions during the mid-pandemic 2020 Decennial Census, and supporting the CDC in promoting vaccine uptake, we are entirely aware of the importance of our performance during the upcoming resumption of student loan payments.

Again, we appreciate the opportunity to address the concerns in your letter. You also asked for our response to specific questions, provided below.

***Question 1: Please describe your staffing plan to handle the new student loans caseload and provide a timeframe for hiring. Does Maximus plan to retain some Navient employees? If so, based on what criteria? How many do you plan to retain?***

Maximus conducted a full review of the staff at Navient to identify employees that met our high standard of borrower care prior to the novation of the contract. We have transferred approximately 700 Navient customer service representatives and support staff to Maximus, who have all been thoroughly vetted, successfully onboarded, and signed our code of conduct.

We are protecting as many jobs as possible while adding additional expertise to our team to address staffing levels in preparation for the resumption of repayment obligations. We did not retain the Navient executive leadership team. We feel confident in our own leadership team's ability to provide a superior, agency-focused, and student loan borrower-focused approach.

During the transition, Maximus is working closely with FSA to evaluate and prepare for the surge in calls and support required for the return to repayment.

***Question 2: Please describe your new employee training, specifically with regard to supporting borrowers once repayments resume and enrolling struggling borrowers in appropriate repayment plans such as income-driven repayment (IDR).***

Our employee training is based on existing student loan servicing training materials, previously developed with FSA, and still the relevant materials. We will continually monitor all changes to legislation, including Public Service Loan Forgiveness (PSLF) -- and will deliver supplemental training reviewed and approved by the FSA related to income-driven repayment plans for any other changes that impact borrowers or the student loan program.

***Question 3: Please describe whether, to what extent, and how Maximus plans to retain borrower records and documents from Navient to ensure that payment histories and credit towardkey loan forgiveness programs are not lost.***

Maximus will retain the existing software applications and servicing platform, delivered by our partner Fiserv, already in use for borrowers converting to Maximus. All borrower records, payments, and transaction history will be retained in the existing systems and used by Maximus staff. We will maintain the same 1-800 number and mailing addresses to ensure consistency with correspondence and payments for borrowers. Borrowers will also continue to have access to payment and account information via the website using their existing log-in credentials. Overall, we will work to ensure minimal disruption for borrowers.

***Question 4: Please describe your plan to avoid errors during the servicing transition that would negatively harm borrowers and explain how borrowers who experience problems or errors during the transition may correct these problems in a timely manner and receiveappropriate financial relief.***

- ***The moratorium on student loan payments put in place during the COVID-19 pandemic expires in January 2022. How will Maximus proactively communicatewith borrowers to ensure a smooth transition to resuming repayment?***
- ***What processes are in place to integrate consumer concerns and feedback, including data from consumer satisfaction surveys, into your servicing practices?***

Our FSA-approved approach for the transition is designed to minimize interruption in service to borrowers. We have added experienced staff to deliver high-quality borrower service and are reviewing and enhancing our existing knowledge management tools, such as desk aids, training, and scripted materials, ensuring they are up to date with current and upcoming changes.

Maximus has worked closely with FSA on a comprehensive communications plan that fully integrates the accurate details and messaging to address the assumption of servicing. The 4-month communication plan (including four distinct borrower outreach touch points) began in October of 2021 and continues throughout the pre-repayment period. In addition, we have incorporated the FSA playbook for communications for return to repayment. We are working closely with the Department and will be ready when the restart of the repayment program is announced.

Additionally, Maximus maintains an Office of the Customer Advocate for FSA that manages communication, complaints, and borrower correspondence. This group is the first to identify any trends or inconstancy in the service to borrowers and develops strategies to remediate them. Further, our ongoing quality assurance program consists of continuous call monitoring and management of the loan servicing process.

***Question 5: On October 6, 2021, ED announced a major overhaul of the Public Service Loan Forgiveness (PSLF) program, intended to right the wrongs that thousands of public servants have faced in trying to obtain debt relief. Many borrowers will now be eligible (sic) until October 2022, with new waivers that will allow many prior payments to help borrowers obtain PSLF eligibility. How will Maximus ensure that borrowers are aware ofand can take advantage of these new provisions so that they get the PSLF forgiveness that they deserve?***

Maximus will support all borrowers, including those seeking PSLF eligibility, and provide accurate and up-to-date information on PSLF in accordance with FSA policies. We have updated our operations to reflect the new waiver information and have conducted multiple training updates for all borrower-facing team members. The new employee training guide has also been updated to include current policies for PSLF eligibility, and the landing page on the borrower website has been updated to include information on the new waiver. Maximus will continue to work directly with FSA to improve communications to borrowers on PSLF.

***Question 6: What safeguards are in place to avoid potential conflict of interest issues between Maximus' business units within ED's Federal Student Aid office and across the federal government given the many functions Maximus performs across the student loan system? Under what circumstances will Maximus be responsible for fielding or adjudicating inquiries or complaints from borrowers about functions it performs on behalf of the ED, and about servicing or collections functions performed by its competitors?***

Maximus delivers independent and conflict-free contractual services to federal and state governments. Under this Department of Education contract, we take our direction from FSA. Part of that direction involves providing accurate information and options to borrowers based on the data maintained on each borrower.

FSA was aware of the existing DMCS contract as they reviewed the request to novate the loan servicing contract from Navient to Maximus. We will continue to work closely with the compliance team at FSA.

Maximus will respond to all individual complaints within each of the FSA programs that we support. We implement a compliant management system for all our contracts. For loan servicing, the Office of Customer Advocate (OCA) records and responds to individual borrower complaints. We track all activity for any quality control issues and take action to improve our services. This activity will be conducted with the full transparency and accountability that FSA is rightfully demanding and expecting from its loan servicers.

***Question 7: To what extent has Maximus investigated Navient's servicing practices and how will Maximus avoid committing the same errors and abuses as Navient in servicing studentloan borrowers?***

Maximus has a history of working collaboratively and transparently with government to achieve agency objectives and goals, especially citizen engagement and service. As an experienced and successful contractor to government, we provide the highest-quality service to users of government services.

Our established quality monitoring processes will provide visibility into performance and identify any gaps in operations that require changes to our business processes and/or employee training.

We thank you for the opportunity to clarify how Maximus supports student loan borrowers, as well as to share our enthusiasm and dedication to supporting the Department of Education during this critical time. We are committed to working with you to bring a new focus on borrower experience, transparency, and accountability.

Please let me know if you have any additional questions.

Sincerely,

Bruce L. Caswell

Bruce L. Caswell
President and Chief Executive
Maximus, Inc.

MAXIMUS

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The Student Loan Authority™

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December 14, 2021

The Honorable Senator Warren
United States Senator for Massachusetts
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The Honorable Senator Van Hollen
United States Senator for Maryland
110 Hart Senate Office Building
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The Honorable Senator Blumenthal
United States Senator for Connecticut
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Senator Smith
United States Senator for Minnesota
720 Hart Senate Office Building
Washington, DC 20510

Dear Honorable Senators,

This letter is in response to your December 2, 2021 letter requesting our updated plans to assist borrowers with their transition back into repayment after January 31, 2022. Our focus remains on providing exceptional customer service and coordinating our efforts with those of FSA as we prepare for the return to repayment.

**1) Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.** We are working closely with Federal Student Aid (FSA) to implement the many key change requests and following the return to repayment playbook that details their plan and how together we do successfully transition borrowers back to repayment. We have coordinated with FSA to undertake other steps working toward the same goal. Specific steps are detailed below, and include:

Increasing staff size by 80% to quickly assist borrowers when they call or submit repayment plan applications.

Expand operating hours by nearly double to make our representatives available for longer times during the week and weekend.

Executing outreach campaigns to make sure borrowers are aware of the payment restart date and repayment options.

Communicating with borrowers who've chosen the convenience of auto-debit to ensure those who wish to continue on the program keep the plan in place.

Expanding the ways in which borrowers can reach us, and how we communicate with borrowers to include text and chat.

Outreach to at-risk borrowers to assist with concerns they may have and help place them in the right repayment programs for their circumstances.

Ensuring our representatives are skilled at assisting borrowers who are eligible for IDR to successfully apply for the right plan and use forbearance only when all other programs are not an option.

Frequent meetings, discussions, emails and updates with FSA to coordinate their efforts for a successful transition with ours.

**2) How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?** We are communicating with borrowers previously on auto-debit as guided by an FSA change request. All borrowers have received a direct email or postal mail, with text provided by FSA, requesting confirmation if they want the auto-debit to resume once payments restart. We also placed a banner on our website alerting borrowers. Borrowers may select to continue with auto-debit or no longer want to participate by clicking on a link in email communications, by phone if they choose to call, or logging onto their account.

**a) How many rounds of outreach have you done about auto-debits so far?** Three rounds have been completed.

**b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?** Email communication is primarily used, with postal mailings to borrowers without an email address. Outreach communications have also been conducted by outbound agented telephone calls. Accordingly, we aren't able to identify specific response rates.

**3) How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?** We've been actively communicating with borrowers primarily through email. The messaging may be targeted, such as to borrowers who will exit grace when payments begin again, or to all borrowers for more broad-based messages. Topics include: reviewing payment options to encourage IDR; updating demographic information; link to the loan simulator tool found on studentaid.gov; preparing for repayment; and registering for electronic correspondence for more efficient communication.  We also stay mindful of direct to the borrower FSA communications also occurring.

**a) How many rounds of outreach have you done so far?** Outreach is at least weekly, and often twice a week depending on the target borrowers.

**b) What method of communication have had the best response rates?** We are using email communication. **What is the response rate for each method of communication you have used?** Most communications are informational, encouraging borrowers to use FSA provided tools, update their accounts, learn about repayment plans and call us for assistance as a few examples.  Accordingly, we aren't able to identify specific response rates.  We can see the benefits of the messaging in increased IDR applications or calls requesting information; more trend type of response.

**4) How is your company communicating with new borrowers that have been or will be transferred to your company?** Current FSA plans do not call for any transfers to OSLA of borrowers from non-continuing loan servicers.  Should such transfers begin, OSLA will communicate by emails, letters or other outreach designed to welcome transferred borrowers and assist with the transition to OSLA.

**a) How many rounds of outreach have you done so far?** Not applicable.

**b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?** Not applicable.

**5) Since our last correspondence, what proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume?  Please provide details on these outreach efforts.** We have been completing email outreach communications to inform borrowers who will enter repayment when payments resume about repayment plan options and IDR.  We vary the message to help get higher open rates and improved understanding.

**6) Since our last correspondence, please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.** Targeted outreach designed to prepare at-risk borrowers for return to repayment is in progress and is the focus of an FSA change request. We are calling at-risk borrowers to inform them that payments are scheduled to resume in after January 31, 2022, when their first payment will be due, and the payment amount.  We also discuss repayment plans such as IDR and assist the borrower in applying or recertifying for IDR.

We began the outreach in November and our efforts continue.

**7) Since our last correspondence, are you on track to complete hiring in advance of the loan payment pause being lifted?** Yes.

**a) How many additional staff do you need to hire before January 31, 2022?** 50. **How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point?** 200 staff total. Ratio is 1staff per 5,000 borrowers. **How will it compare to the ratio you had in February 2020?** February 2020 ratio was 1 staff per 10,000 borrowers.

**b) How many of these staff will be Spanish-speaking?** 20. **How many total Spanish-speaking customer service representatives do you plan to have on staff?** 20. **How many primarily Spanish-speaking borrowers do you estimate that you will be servicing?** We estimate 100,000 of our borrowers are primarily Spanish-speaking.

**i) What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?** OSLA specifically trains staff to ensure borrowers reach a Spanish-speaking representative. Representatives promptly route calls to our Spanish-speaking representatives. Our interactive voice response phone system offers a prompt to borrowers that transfers the call directly to a Spanish-speaking representative. Emails and paper correspondence are directed to and promptly responded to by Spanish-speaking representatives.

**8) Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?** We don't specifically track this information.

**How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?** 14,000.

**a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?** 14,000.
**b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in February 2022?** We have changed our internal processes to increase efficiency and enable all representatives to assist borrowers – we stay on the line as borrowers complete the IDR application on studentaid.gov; dedicated OSLA email address for borrowers to send applications; implemented self-certification forms as part of the related change request; and provide borrowers with a fillable pdf form.
**c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?** The current processing time is one business day.

**9) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?** We train our representatives to review with borrowers the benefits of an IDR and ask relevant questions to help guide them to the appropriate plan. When on calls with borrowers, IDRs are our first order of offering; forbearances are presented only when borrowers are not eligible for an IDR, term-based options or deferment.

Our support to ensure borrowers successfully enter IDR includes remaining on the phone while they complete the IDR application utilizing studentaid.gov, assisting with questions as needed until the borrower has successfully submitted the application. When borrowers do not have the ability to connect to studentaid.gov and complete the form online, we send them a fillable form and provide return options, including secure dedicated email and upload to the borrower online account. We process IDR applications within three days, currently that timing is one day.

FSA has worked with servicers, as part of a change request, to enable all borrowers to start, renew, and/or recalculate their IDR through a self-certification process. Currently, and for a period of 6-months after the end of the payment pause; this allows customer service agents to process a borrower's request to be placed onto an Income Driven Repayment Plan over the phone.

The customer service representative will ask the borrower a series of questions to determine the borrower's eligibility for the IDR. If an IDR is found to be the best option for the borrower, a customer service representative will fill out a form with the borrower's answers and we will then place the borrower on the IDR. Borrowers do not need to fill out any forms or send in any documentation during this time.

**a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?** All customer service staff receive initial and refresher training emphasizing the importance of working with borrowers to educate them on the benefits of IDR, determining the right plan and support during the application process. The training is supplemented with reference materials readily available to the representatives when they are on calls with borrowers.

**10) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?** See response to question 9.

**11) Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume in February 1, 2022?** Yes.

**Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?**
**a) The percentage of borrowers who end a call before reaching a customer service**

**representative by phone.** Yes.
**b) How well customer service representatives answer borrower questions and help them navigate repayment options.** Yes.
**c) Whether servicers process borrower requests accurately the first time.** Yes. **And,**
**d) The overall level of customer service provided to borrowers.** Yes.

**12) Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?** OSLA has a solid track record with few borrower complaints. Our process operates with a high degree of accountability, with appropriate executive level involvement. Borrower complaints are promptly routed to dedicated resources trained to respond to complaints from all sources, including state and federal agencies. We research the issue using correspondence from the agencies, borrower contacts made directly with OSLA, and information within the loan servicing system. Research results and resolutions are reviewed, then we respond through the proper channel (for example-CFPB Portal, FSA Complaint System), with turnaround times in three days or less. We monitor progress and follow up until a resolution is completed.

**13) What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?** Loans transferred between servicers follow an industry standard electronic file format. Files are checked for completeness, and loan balances transferred are reconciled to information provided by FSA and the transferring servicer. For any issues identified, OSLA determines the action required and submits the list of issues, proposed actions, and additional information from the prior servicer to FSA. FSA will either approve or reject the proposed changes and notify the other servicer if they need to send additional information. We maintain a log of any outstanding issues and follow up if required until resolved.

**14) What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on-time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?** Our email, letter, website, and phone communications with borrowers include the ways to make a payment (mailed check, ACH auto debit, through borrower on-line account, by phone when calling OSLA) and where to send a payment. Amount due and date due are clearly stated on the borrower statement and within borrower online accounts. IDR, recertifications, deferments and forbearances are promptly processed, within three days. If a borrower indicates a concern about these issues, we can quickly process an administrative forbearance to ensure they are not harmed.

**15) Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?** OSLA implements changes through FSA's change request process and have successfully implemented many such requests associated with the payment pause and return to repayment. We will continue to perform as policy or other changes are introduced through the change request process.

Thank you for your letter and interest in ensuring a smooth transition to repayment.

Sincerely,

Patrick Rooney
Chairman
Oklahoma Student Loan Authority

December 16, 2021

Dear Senators Warren, Blumenthal, Van Hollen, and Smith,

MOHELA, the Higher Education Loan Authority of the State of Missouri, is writing in response to your letter dated December 2, 2021, requesting updated information for our plans to support the millions of federal student loan borrowers who are scheduled to resume payment on their loans beginning February 2022. With the scheduled resumption of payments fast approaching, you are also requesting an update on how MOHELA is preparing for this historic transition to repayment while clearing the higher bar for supporting borrowers resulting from new contract extensions which includes higher standards for customer service and borrower support. While the transition of millions of student loan borrowers entering into repayment simultaneously is unprecedented, MOHELA recognizes and has been preparing for the opportunity to assist borrowers during this transition and to prepare for the new key contract terms and associated change requests issued by Federal Student Aid ("FSA"). As a nonprofit state instrumentality, we are keenly aware of our mission to assist student loan borrowers, particularly during this difficult time.

Federal Student Aid and MOHELA have continued to engage in discussions to identify flexibilities intended to ease the repayment transition, perform outreach prior to and after repayment begins, provide additional training for customer service representatives, and to retain and hire resources. We are committed to a coordinated and proactive approach providing support for student loan borrowers as they navigate through their repayment journey. In addition, during the COVID-19 period, daily and weekly reports have been provided to FSA regarding the portfolio status, staffing resources, and the implementation status of FSA change requests.

As requested, below please find MOHELA's responses to your questions and data obtained as of December 15, 2021:

1) ***Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.***

   Attachment A sets forth the specific steps that MOHELA has taken and will take to ensure a successful transition back to repayment status.



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2) ***How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?***

Per FSA Change Request (CR) 5811, MOHELA is sending email communication to borrowers with a valid email address and letters to those without a valid email address for the following cohorts:

**Cohort 1 -** The servicer shall contact all borrowers with active loans who were participating in auto-debit/ACH payments prior to the start of the COVID forbearance (prior to 3/13/20) and had their payments suspended. Note: This requires the borrower to respond to one of the 3 required outreaches to continue their Auto Debit or they will be automatically removed.
**Cohort 2-** The servicer shall contact all borrowers once via direct email (no e-correspondence) or postal mail who have selected to participate in auto-debit/ACH payments on/after 3/13/2020 but are currently in COVID forbearance, to inform those borrowers that auto-debit/ACH will resume once the COVID forbearance ends.
**Cohort 3 -** The servicer shall contact all borrowers once via direct email (no e-correspondence) or postal mail who are currently opted out of the COVID forbearance and have selected to participate in auto-debit/ACH payments to remind them that no actions are needed by the borrower to continue that payment method.

a) ***How many rounds of outreach have you done about auto-debits so far?***

- Cohort 1 – 2 rounds of outreach completed
  - 1st outreach:  10/21/2021
  - 2nd outreach:  12/03/2021
  - 3rd outreach:  Anticipated completion 12/17/2021
- Cohort 2 – 1 outreach
  - Completed 12/03/2021
- Cohort 3 – 1 outreach
  - Completed 12/03/2021

b) ***What method of communication have had the best response rates? What is the response rate for each method of communication you have used?***

To date, the email response rate of 42.95% is the best response rate. The response rate for letters (USPS) to date is 16.60%. Of the borrowers in Cohort 1 that are required to respond, so far 57.39% have opted to remain on Auto Debit.



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**3) *How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?***

CR 5965 – Outbound Engagement with At Risk Borrowers: "As a result of the student loan payment pause certain "at-risk" borrowers will require additional engagement to ensure they are aware of various programs and flexibilities in place to assist them in their successful return to repayment. FSA and loan servicers will need to reach out to these borrowers before and after the payment pause as quickly as possible to provide ample time for them to prepare for payments to resume."

MOHELA is completing outbound call campaigns to borrowers in the following categories:

"At-Risk" Categories, as of the end of the payment pause:

- Had not graduated and entered repayment in the last 60 months
- Entered repayment for the first time within the last 36 months
- Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
- Any borrower who was ever 90 days delinquent or more in the year prior to payment pause

CR 6006 - Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021.
CR 5963 - Reminder email campaign (letter in lieu of valid email address) scheduled 14 days in advance of the borrowers' due date to occur January 2022- mid February 2022.

Targeted messaging added to the Repayment Obligation Disclosures and Billing Statements promoting IDR self-certification, Paperless Delivery and Auto Debit. Other efforts include Customer Service Counselors, Web, and IVR.

***a) How many rounds of outreach have you done so far?***

Below are the FSA CR related outreaches for MOHELA to perform:

- CR 5965 - Three outreach attempts will be completed prior to 7/31/2022:
  - Outreach 1: In progress, anticipated to be completed prior to 1/31/2022
  - Outreach 2: Anticipated to begin after 2/01/2022
  - Outreach 3: Anticipated to be completed prior to 7/31/2022



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- CR 6006 - Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021.
- CR 5963 - Reminder email campaign (letter in lieu of valid email address) scheduled 14 days in advance of the borrowers' due date to occur January 2022- mid February 2022.

***b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?***

FSA CR outreach is either in progress or has not yet begun as outlined in *3a).*

***4) How is your company communicating with new borrowers that have been or will be transferred to your company?***

Prior to the transfer, the sending servicer sends a transfer notification to the impacted borrowers. FSA also sends email communications to the impacted borrowers. MOHELA sends communication to borrowers during the transfer and after the transfer is complete.

- Transfer is in process – email.
- Transfer is complete – welcome letter and email.

Additionally, MOHELA has information available for transferring borrowers on mohela.com, on our IVR phone system, and through our contact center agents.

**Website**

- Homepage: We added a link at the top of the page to direct borrowers to the New Transfer Page.
- New Transfer Page: We created this page specifically about the FedLoan Servicing Transfer, with information about the transfer process and FAQs.
- Transfer Status Page: Borrowers can search and see where they are in the transfer process.

**IVR Phone System**

- During the transfer process, borrowers receive information about the status of the transfer and when their information is expected to be available.

**Customer Service Representatives (CSRs)**

- During the transfer process, agents can search for borrowers and provide information about the status of the transfer and when the borrower's information is expected to be available.

***a) How many rounds of outreach have you done so far?***

For each transfer, the sending servicer notifies borrowers approximately 15 days prior to the transfer. Shortly after receipt of the transfer, MOHELA sends an in-process email and after the loan transfer is complete, an email and a letter are sent to borrowers. To date, we have received just over 1 million borrowers from FedLoan Servicing (PHEAA) since October 4, 2021.

***b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?***

- The open-rate for emails relative to the transfer has been averaging 32%.
- The returned letters that were sent USPS relative to the transfer has been averaging 1.5% of for addresses to be updated or marked as undeliverable.

***5) Since our last correspondence, [June 2021], what proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume? Please provide details on these outreach efforts.***

- FSA issued CR 5944- Temporary IDR Application, IDR Recertification and Cancer Deferment Recertification Simplification and CR 5992 – DCC IDR Application Changes on StudentAid.gov
- When working with a borrower, servicers are able to take their IDR information verbally thus eliminating the delay in placing the borrower in the requested plan or recalculating an existing plan.
- Customer Service Counselors, Web, IVR

***6) Since our last correspondence, [June 2021], please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.***

- FSA issued CR 5965 – Outbound Engagement with At Risk Borrowers:
  "As a result of the student loan payment pause certain "at-risk" borrowers will require additional engagement to ensure they are aware of various programs and flexibilities in place to assist them in their successful return to repayment. FSA and loan servicers will need to reach out to these borrowers before and after the payment pause as quickly as possible to provide ample time for them to prepare for payments to resume."



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- MOHELA is required to complete outbound call campaigns to borrowers in the following "At-Risk" Categories:
  - Had not graduated and entered repayment in the last 60 months
  - Entered repayment for the first time within the last 36 months
  - Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
  - Any borrower who was ever 90 days delinquent or more in the year prior to payment pause

- Three outreach attempts for the "At-Risk" borrowers will be completed prior to 7/31/2022 a required:
  - Outreach 1: In progress with an anticipated completion prior to 1/31/2022
  - Outreach 2: Anticipated to begin after 2/01/2022
  - Outreach 3: Anticipated to be completed prior to 7/31/2022

- Other efforts include Customer Service Counselors, Web, and IVR

***7) Since our last correspondence, [June 2021], are you on track to complete hiring in advance of the loan payment pause being lifted?***

Yes.

> ***a) How many additional staff do you need to hire before January 31, 2022? How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point? How will it compare to the ratio you had in February 2020?***
>
> During this unprecedented time in which virtually all student loan borrowers that were recipients of the COVID-19 administrative forbearance will enter back into repayment simultaneously, coupled with the volatile job market and economic uncertainties, we are faced with many unknowns which may alter staffing needs.
>
> MOHELA has been aggressively increasing Customer Service Representative and Loan Servicing Specialist to support borrower inquiries and processing to meet our service levels and to meet the new hours of operation. Please refer to the current staffing information:



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| Position | Status | # of Positions |
|---|---|---|
| CSRs | In the Contact Center | 134 |
| | In Training | 211 |
| | Scheduled for Training | 89 |
| | Being Pursued for Hire by Jan. 31, 2022 | 95 |
| | **Total CSRs** | **529** |
| | | |
| **Position** | **Status** | **# of Positions** |
| Loan Servicing Specialists | In Loan Servicing | 53 |
| | In Training | 23 |
| | Being Pursued for Hire by Jan. 31, 2022 | 2 |
| | **Total Loan Servicing Specialists** | **78** |

We anticipate servicing approximately 4.4 million student loan borrowers by January 31, 2022, of which 22% are expected to be in an In-School status. We anticipate a ratio of 7,248 borrowers for each CSR/Loan Servicing Specialist. This ratio does not include all other support and management personnel such as Supervisors, Managers, Directors, IT, Quality Assurance, Customer Advocacy, Human Resources, Payment Processors, Reporting and Reconciliation Analysts, etc. MOHELA will provide overtime opportunities in all applicable departments to assist with peak periods.

MOHELA continues to be committed to the borrowers we serve while meeting the service level expectations and hours of operation. The following table compares the number of staffed CSRs and Loan Servicing Specialists, the number of direct loan borrowers serviced, the ratio per staff member and the service levels from February 2020, prior to the COVID-19 period, to January 31, 2022, when borrowers will resume repayment.

| Month | # of Staffed CSRs and Loan Servicing Specialist | # of Direct Loan Borrowers Serviced | Ratio Per Borrower | Service Levels |
|---|---|---|---|---|
| February 2020 | 179 | 2.4 million | 13,765 | :45 Second Average Speed of Answer (ASA) and a 2.32% Abandoned Rate |
| Anticipated January 2022 | 607 | 4.4 million | 7,248 | Required Per FSA Issued CR 5952: |

| | | | | |
|---|---|---|---|---|
| | | | | Jan 1 -Apr 30, 2022 period to be less than or equal to 5% Abandon Rate and an Average Speed of Answer of 60 seconds or less (ASA)<br>May 1, 2022 – June 30, 2022 period to be less than or equal to 4% Abandon Rate and an Average Speed of Answer of 60 seconds or less (ASA) |

In summary, MOHELA is substantially increasing Customer Service and Loan Servicing Specialist from a total of 179 in February 2020 to 607 anticipated by January 31, 2022 thus significantly reducing the ratio of borrowers serviced by these staff members.

***b) How many of these staff will be Spanish-speaking? How many total Spanish-speaking customer service representatives do you plan to have on staff? How many primarily Spanish-speaking borrowers do you estimate that you will be servicing?***

We currently have 25 Spanish-speaking CSRs released to the contact center and 47 in training for a grand total of 72. We anticipate approximately 4,700 Spanish-speaking borrowers will contact us on a monthly basis. However, this volume is dependent on whether a Spanish-speaking borrower who also speaks English chooses to conduct an inbound call with MOHELA in Spanish. For transferred borrowers, their preference of English versus Spanish-speaking is not provided, therefore the anticipated volume may increase or decrease and as such we will adjust our staffing levels accordingly.

***c) What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?***

Spanish-speaking callers will be presented with an IVR option to speak with a Spanish-speaking CSR. We are also working to establish an in-queue call back for these borrowers which will allow them to hold their place in queue during heavy call volume periods.



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***8) Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances? How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?***

This information was not tracked for reporting purposes.

***a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?***

This information was not tracked for reporting purposes.

***b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in February 2022?***

MOHELA continues to hire and train new CSRs and Loan Servicing Specialists, for back office processing, to handle the anticipated increased volume of borrower inquiries, applications and other requests, including working with subcontractors to ensure adequate staffing is in place. Existing CSRs received refresher training focused on assisting borrowers with entering back into repayment. Existing Loan Servicing Specialists have been cross-trained to process multiple request types so that management can adjust task assignments as needed to focus on the highest volume requests without requiring additional staff and if necessary providing overtime opportunities. The verbal requests for IDR plans and processing applications from StudentAid.gov with no proof of income documentation required has been implemented, per FSA change requests 5992 and 5994. We have also extended the renewal deadlines for IDR plans and Cancer Treatment Deferments, per FSA change request 6006. We continue to establish system enhancements and processing automation where possible.

***c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?***

Average of 3.6 days.



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***9) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?***

MOHELA's Customer Relationship Management ("CRM") system provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted and expected to flow through the CRM to ask borrowers fact finding questions to assist them with repayment plans to fit their needs and if necessary options to postpone payment.

***a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?***

Existing CSRs have received refresher training and new CSRs are trained to utilize a call flow process through MOHELA's CRM system. This CRM provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted through the CRM to ask the borrower for the following information:

- Family Size/Marital Status
- Household Adjusted Gross Income
- Outside Federal Student Loan debt

Based on the information gathered, the CSR will be presented with the applicable IDR repayment options. Resources are available to the CSR throughout the call flow to present information regarding each plan or option by clicking on an Information radio button. If the borrower does not want to take advantage of the IDR option, the CSR continues through the call flow to explore the remaining options available. To simplify the IDR request process, Change Request 5944, Temporary Simplification of IDR Certification/Application, now allows the CSR to temporarily accept the IDR application verbally instead of offering to send the prefilled application by mail or deliver behind the log in on mohela.com or offering the StudentAid.gov e-sign process.

Also, per FSA Change Requests 5944 and 5992, borrowers who elect to apply for IDR via the e-sign process on mohela.com or through StudentAid.gov are not required to provide supporting documentation.

In addition to the available information provided to borrowers on StudentAid.gov, a Repayment Calculator is available on mohela.com, to assist the borrower with IDR information.



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***10) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?***

Existing CSRs have received refresher training and new CSRs are trained to utilize a call flow process through MOHELA's CRM system. This CRM provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted through the CRM to ask the borrower for the following information:

- Family Size/Marital Status
- Household Adjusted Gross Income
- Outside Federal Student Loan debt

Based on the information gathered, the CSR will be presented with the applicable IDR repayment options. Resources are available to the CSR throughout the call flow to present information regarding each plan or option by clicking on an Information radio button. If the borrower does not want to take advantage of the IDR option, the CSR continues through the call flow to explore the remaining options available. To simplify the IDR request process, Change Request 5944, Temporary Simplification of IDR Certification/Application, now allows the CSR to temporarily accept the IDR application verbally instead of offering to send the prefilled application by mail or deliver behind the log in on mohela.com or offering the StudentAid.gov esign process.

Also, per FSA Change Requests 5944 and 5992, borrowers who elect to apply for IDR via the e-sign process on mohela.com or through StudentAid.gov are not required to provide supporting documentation.

In addition to the available information provided to borrowers on StudentAid.gov, a Repayment Calculator is available on mohela.com, to assist the borrower with IDR information.

***11) Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume in February 1, 2022? Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?***



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MOHELA will be scheduling staff based on the forecast to provide staff to support the expanded call center hours and to support Spanish-speaking call center staff. During this unprecedented time in which virtually all student loan borrowers that were recipients of the COVID-19 administrative forbearance will enter back into repayment simultaneously, coupled with the volatile job market and economic uncertainties, we are faced with many unknowns which may alter staffing needs.

***a) The percentage of borrowers who end a call before reaching a customer service representative by phone.***

Less than 5% of borrowers end a call before reaching a CSR.

***b) How well customer service representatives answer borrower questions and help them navigate repayment options.***

Quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. In addition, these are our FSA Servicer Level Agreement Metrics ("SLA Metrics") – Total Weight 65% which will assist with gauging customer satisfaction:
A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).
B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.
C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.
D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.

***c) Whether servicers process borrower requests accurately the first time. And,***

Quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. In addition, these are our FSA Servicer Level Agreement Metrics ("SLA Metrics") – Total Weight 65% which will assist with gauging customer satisfaction:

A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).
B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.
C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.
D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.

***d) The overall level of customer service provided to borrowers.***

The customer satisfaction survey issued by FSA will assist with understanding the level of customer service provided. However, based on comments from borrowers in past surveys, including the most up-to-date surveys conducted in the early summer of 2021, some of the borrower comments were relative to the program itself rather than the level of customer service provided by the servicer. In addition, quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. MOHELA will continue to perform Quality Assurance of which CSRs are expected to receive a score of 85% or higher for any quality monitoring performed. In addition, these are our FSA Servicer Level Agreement Metrics ("SLA Metrics") – Total Weight 65% which will assist with gauging customer satisfaction:

A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).
B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.
C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.
D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.

***12) Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?***

**Federal Agencies:**

MOHELA has two separate procedures for responses to federal agencies, based on the source of the complaint: Control Mail or Consumer Financial Protection Bureau (CFPB). MOHELA receives complaints through the CFPB Portal from borrowers who submit complaints to the CFPB or Federal Trade Commission. Complaints received through this portal are assigned to Customer Advocacy Specialists for review and a draft response. These Specialists are highly trained individuals who are empowered to resolve any complaints borrowers may have by working with the appropriate internal departments. The draft response is reviewed by management before being returned to the CFPB through the portal, and the borrower by mail. As needed, MOHELA's Customer Advocacy Team (CAT) may contact the borrower by phone to assist with resolving the complaint, in addition to the written response.

Borrower complaints to FSA, the Secretary of Education, the President of the United States, or other federal agencies are forwarded to FSA, then MOHELA, through the Control Mail process. MOHELA assigns the complaint to a Customer Advocacy Specialist for review and a draft response. Management reviews the response prior to returning the draft to FSA through the Control Mail process. After review, FSA will confirm that they have responded to the borrower, or if any adjustments are needed to the draft. On occasion, MOHELA may reach the borrower by phone in response to such a complaint if it will aid in resolving the concern. This is in addition to the written response.

**State Agencies:**

Complaints from State Agencies follow a similar format to those listed above from federal agencies. Response drafts to borrower complaints from State Attorneys General are reviewed by MOHELA's Legal Department prior to sending the response back to that entity. CAT responds directly to State Ombudsman entities when they send inquiries or borrower complaints to MOHELA. Management reviews all complaint responses before they are sent to borrowers or their representatives.



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**Federal and State:**

MOHELA's response to the entity is written in plain and clear language that can be forwarded to the borrower by the entity, as needed. MOHELA will make any appropriate corrections to errors that are identified in review of the complaints. MOHELA includes details of any adjustments or corrections that are made when responding. If the borrower alleges that there is an error, but MOHELA disagrees, a thorough explanation of MOHELA's position is provided along with documentation justifying why MOHELA does not believe there is an error and is not taking further action.

MOHELA strives to respond to all written complaints within five business days, as stated in policy. MOHELA responds to all entities within timeframes required by statute or contract. If a complaint takes longer than the statutory or contractually required timeframe, MOHELA follows applicable entities' policies to request an extension for response deadlines, and provides an explanation to the entity as to why the additional time is necessary. These are rare occurrences.

The most recent improvement to these policies that improves transparency and accountability is MOHELA's upgrade from a different Escalation Management System (EMS) to a Salesforce based EMS in June 2020. The Salesforce EMS provides increased reliability and data consistency over the prior system. All complaints, associated research, resolution and responses are thoroughly documented through the EMS system. Each complaint "case record" records more than thirty standard data points which include open date, closed date, complaint categorization values, the source of complaint, and borrower identification. Each complaint case also stores several free-form text entries from users which capture call notes, emails, internal tickets, and research notes. The Salesforce system provides several features to MOHELA management users which allow us to better manage our overall complaint portfolio, including those responses to federal and state agencies.

***13) What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?***

MOHELA follows the servicer to servicer transfer process per the requirements established by FSA. The transfer of data is provided through the EA27 file process. Supplemental data for IDR plans is provided via the required supplemental files. Images for the financial and account servicing histories are provided in the required EA80 files for each borrower transferred. Items in process but not yet completed prior to the transfer are required to be included in the WIP EA80 file. Servicers coordinate with each other to resolve data conflicts and to reconcile the files sent and received.

Specifically, regarding the financial and account histories, shortly after receipt of the EA80 files, the index files are loaded into tables and a SAS query is run to perform reconciliation and verify that a financial and account history is received for each borrower. If there is a discrepancy identified, MOHELA will reach out to the sending servicer for immediate resolution.

***14) What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on-time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?***

FSA Change Request 6022 – Safety Net Period: MOHELA will be implementing CR 6022 to apply when the applicable borrowers reach 90 days of delinquency within the specified CR period after return to repayment. The CR states: "In recognition of the historic impact of a nearly two-year pause in student loan payments, borrowers will be allowed additional flexibilities in the early stages of the return to repayment. During the critical first days after the resumption of payments, borrowers who are unable to make a payment up to 90-days after their first payment is due, will not be adversely affected by negative reporting for credit purposes, and will have their delinquency resolved through use of a retroactive non-capping forbearance." The borrowers will be monitored and at the end of the monitoring period, for any borrower identified as delinquent, a non-capping administrative forbearance will be applied and no negative credit reporting will occur.

For borrowers that are transferred from PHEAA to MOHELA there is an established:

- Placement of a forbearance if the loans were delinquent when transferred or due to timing of the transfer the Auto Debit cannot be extracted.
- IPAC process that servicers follow when a payment is received by the previous servicer. The new servicer receives the payment information and it is applied with the original effective received date.

The WIP EA80 transfer process is used to receive correspondence (deferment, forbearance, IDR, etc.) not yet processed by the sending servicer.



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***15) Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?***

MOHELA anticipates completing several FSA Change Requests that are in progress, such as CR 6022, the "safety net" forbearance. If other change requests or policy changes are issued by FSA requiring implementation before the return to repayment date, we will prioritize accordingly. MOHELA continues to look for ways to streamline processes that are within our control.

Thank you for taking time to reach out to MOHELA requesting this important information.

Sincerely,

MOHELA



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**Attachment A**

**MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing**

| Category | Detail |
|---|---|
| **Staffing** | Continued recruitment, hiring and training Customer Service Representatives (CSRs) and Loan Servicing Specialists staff. |
| | Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations. Ended this work November 2021 to focus on outreach efforts. |
| | Offering nonexempt (hourly) staff Operation Retention Incentives. |
| | Providing work from home for staff. |
| | Scheduling shifts/staff for expanded hours of operation (FSA Change Request 5950). |
| | Offering shift differentials. |
| | Refresher training for existing CSRs, management and other operational staff to support return to repayment. |
| **Outreach** | Outbound calling campaigns to “check in” with borrowers commenced June 2021- Affordable payments, IDR, Demographics, Auto Debit. |
| | Additional targeted outbound calling and email campaigns underway by MOHELA supporting the applicable FSA Change Requests for Auto Debit and At-Risk borrowers (FSA Change Request 5881 and 5965). |
| | Continued updates received for the Communication Playbook from Federal Student Aid and their continued email campaigns to prepare for return to repayment. |
| | Auto-Debit email campaigns to specific cohorts with one cohort requiring action by the borrower to resume Auto Debit (FSA Change Request 5881) |
| | Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021 (FSA Change Request 6006). |
| | Reminder email campaign (letter in lieu of valid email address) 14 days in advance of the borrower due dates January 2022- mid February 2022 (FSA Change Request 5963). |
| | Targeted messaging added to the Repayment Obligation Disclosures and Billing Statements promoting IDR self-certification, Paperless Delivery and Auto Debit. |
| | Transfer in process emails sent to transferred borrowers. |
| | Transfer completed Welcome letter sent to transferred borrowers. |
| | Transfer completed Welcome email sent to transferred borrowers. |



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**Attachment A**

**MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing**

| Category | Detail |
|---|---|
| **Customer Relationship Management (CRM system)** | Updated call flow to verbally collect and auto populate internal processing request for self-certification of Income Driven Repayment plans versus sending a pre-filled application to the borrower for completion or redirecting the borrower to StudentAid.gov (FSA Change Requests 5944, 5992). |
| | Updated call flow to accept verbal request to confirm or remove Auto Debit (FSA Change Request 5881). |
| | First time caller alerts continue to be in place to Welcome first time callers. |
| | Advanced search for CSRs to locate borrowers pending transfer to MOHELA from FedLoan Servicing and for those pending release to servicing. |
| | Limited PSLF Waiver information added to call flow. |
| | Transfer information added to call flow. |
| | Revising COVID-19 forbearance information. |
| **IVR** | Skilled based routing to CSRs relative to caller selection. |
| | In-Queue call back feature to hold the callers place in line without the need to wait in queue.  (FSA Change Request 5962). |
| | Continued updates to general messaging for COVID-19 return to repayment and transfers. |
| **Website and Mobile App** | Modified email subject lines and content for borrowers participating in paperless delivery. Change provides further clarification for the borrower to understand the content of their mail to be retrieved after logging into mohela.com (FSA Change Request 5970). |
| | Continued updates for general messaging regarding COVID-19 and the return to repayment. |
| | Customized alerts and information for validation and updates after borrower authenticates- e.g. Demographics, Auto Debit. |
| | Auto Debit landing page for confirmation to resume or remove Auto Debit participation (FSA Change Request 5881). |
| | Modified mohela.com to collect and process self-certification for Income Driven Repayment instead of producing an application for signature and submission of income documentation/tax information or being redirected to StudentAid.gov (FSA Change Requests 5944, 5992). |
| | Demographic confirmation page presented after authentication (based on length of time since last log in and status of demographics). |
| | Continued updates for transfers from FedLoan Servicing. |



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**Attachment A**

**MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing**

| Category | Detail |
|---|---|
| **Additional Reporting and Portfolio Tracking** | Daily COVID status and staffing reporting continues to be provided to FSA. |
| | At-Risk borrower outreach weekly campaign reporting to FSA (FSA Change Request 5965). |
| | Auto Debit outreach weekly campaign reporting to FSA (FSA Change Request 5881). |
| | Return to Repayment daily data reporting to FSA (FSA Change Request 6019). |
| | Advanced reporting for Contact Center and Processing statistics to FSA (Pending FSA Change Request). |
| | IDR self cert weekly reporting to FSA (FSA Change Request 5944, 5992). |
| | Safety Net forbearance weekly reporting to FSA (FSA Change Request 6022). |
| | FSA Vendor Oversight transfer reporting and reconciliation. |
| **Processing** | Performing advanced address cleansing to validate USPS addresses and process skiptracing due diligence efforts to resolve borrower location discrepancies. |
| | IDR self-cert processing modifications for verbal, mohela.com and StudentAid.gov requests (FSA Change Request 5944, 5992). |
| | Work in process (applications/forms etc.) received from FedLoan Servicing for transfers. |
| **Complaints** | Preparing for anticipated complaints due to returning to repayment e.g. removal of Auto Debit if no response to resume, delayed uncapping and recapping of interest, loan forgiveness, interest rate no longer 0%, restarting payments etc. |



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EdFinancial SERVICES

December 16, 2021

The Honorable Elizabeth Warren
United States Senator
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Richard Blumenthal
United States Senator
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
United States Senator
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Chris Van Hollen
United States Senator
110 Hart Senate Office Building
Washington DC 20510

**RE: Response to letter dated December 2, 2021, requesting information about Edfinancial's readiness for the restart of student loan payments on February 1, 2022**

Dear Senator Warren, Senator Blumenthal, Senator Smith, and Senator Van Hollen:

I am writing in response to your letter dated December 2, 2021 to Edfinancial Services, LLC ("Edfinancial") in which you requested information about Edfinancial's readiness for the restart of student loan payments on February 1, 2022. As noted in your letter, since the date of our last correspondence two of the federal servicers have announced that they will no longer be servicing federally owned student loans. As the U.S. Department of Education's selected recipient of the loan servicing volume from Granite State Management & Resources (GSMR), Edfinancial has worked diligently to successfully convert a portfolio of almost 1.3 million borrowers. This conversion has been a cooperative process among Edfinancial, GSMR, the U.S. Department of Education's Office of Federal Student Aid (FSA) and a number of regulatory agencies who have been monitoring the conversion of the borrower accounts to our system. Through collaboration, transparency and continuous communication among all of these entities, we are working to effectuate a smooth transition for these borrowers not only to a new servicer but also to repayment in February.

We have simultaneously been urgently conducting outreach to contact the borrowers in our portfolio to prepare them for the restart of payments on February 1, 2021. We have not just recently started these outreach efforts. On the contrary and as we described in detail in our July 2, 2021 letter, we have been conducting outreach campaigns throughout the course of the pandemic to inform our borrowers about their student loan options, including but not limited to auto-debit, Income Driven Repayment plans and the benefits available to them under the federal CARES Act.

1. **Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.**

Throughout the suspension of student loan payments which started in March 2020, Edfinancial has actively looked for methods to effectively counsel borrowers regarding the suspension of payments on their accounts and to gather information to help borrowers be in a good position for return to repayment through their selection of the appropriate repayment plan. As always, we are following FSA's guidance, requirements, and federal regulations as we assist borrowers. We are providing borrowers with all options for their unique situations and guiding them through the application process for Income-Driven Repayment (IDR) plans as needed.

FSA has held meetings with student loan servicers to discuss the FSA guidance and plans for assisting borrowers during this time. Additionally, FSA has provided a Return to Repayment ("R2R") Communications Playbook to servicers, which details communication being sent to borrowers by FSA and communication being sent to borrowers by servicers. As described below, Edfinancial has been supplementing FSA's guidance and R2R Communications Playbook to provide multiple reminders to borrowers, through all available methods of communication (such as email, telephone, mail, and text messaging) to ensure the borrower is aware of the upcoming return to repayment once the COVID-19 payment pause ends.

<u>*Call Campaigns*</u>. In April 2020, we began outreach to borrowers who would be new to repayment once the original suspension of payments was scheduled to end. We wanted to answer questions they had concerning the CARES Act and what repayment would look like for them. Through this outreach, we encouraged borrowers to choose a repayment plan that would best suit their anticipated situation. In June 2020, we started another outreach campaign which initially targeted approximately 140,000 at-risk borrowers who were delinquent prior to the COVID forbearance. We used this outreach opportunity to discuss with these borrowers their standard payment amount and advise of other repayment options such as Income-Driven Repayment (IDR) plans. Our goal was to ensure the borrower's payment would be affordable for their particular situation once the COVID-19 payment pause ends.

One of the most impactful actions we have taken is performing outreach to all borrowers on the COVID forbearance irrespective of their status prior to the suspension of loan payments. This outreach began in December 2020 and continues today. As stated above, our agents use these outreach opportunities to discuss the borrower's repayment options, as well as to confirm that we have current contact information for the borrower so that we may continue to effectively communicate with them during return to repayment.

<u>*Email Campaigns*</u>. In addition to outreach call campaigns, we have reached out to borrowers through email. We have listed below examples of some of these campaigns:

- We sent multiple emails to borrowers who were delinquent prior to the COVID-19 suspension in loan payments and who are not on an IDR plan, encouraging these borrowers to consider an IDR plan. We explained some of the advantages to having a payment based on their household size, income, and loan balance.

- Quarterly emails have been sent to borrowers who were delinquent prior to the COVID-19 payment pause. These emails encouraged the borrower to sign up for auto-debit payment if they were able to do so.

- As a result of our one of email and text campaigns, 24,555 borrowers created online accounts with us.

- We have sent borrowers emails encouraging them to make payments if they were able to do so during the COVID-19 payment pause in order to take advantage of the 0% interest rate thereby reducing their principal balance quicker, reducing the overall interest paid, and for some, potentially paying their loan(s) off sooner. We sent emails which provided borrowers with a button/quick link to easily opt-out of the COVID-19 payment pause. Approximately 7,000 borrowers responded to this email campaign and opted out of the payment pause in order to resume repayment.

- We sent emails encouraging borrowers to enroll in auto-debit so that they will be set up for success when they reenter repayment. The emails included information about the 0.25% interest rate reduction available for auto-debit.

- In our December 2020 email newsletter to borrowers, we provided updates on the CARES Act payment suspension and other tips to help the borrower successfully enter repayment once the COVID-19 payment suspension ends.

- On May 11, 2021, we sent an e-blast to 172,371 existing auto-debit borrowers to remind them of the option to opt-out of the forbearance and resume auto-debit if they were able and desired to do so.

- During the second half of 2021, we have focused on creating and sending the required servicer communications that are detailed in FSA's R2R Communications Playbook and FSA Change Requests.

- In December 2021, we have sent emails promoting the self-certification IDR option. We have plans to send additional email promotions in January 2022. We have also created a text message for use in January 2022 that will provide a direct link to complete the simplified self-certification option through StudentAid.gov. Finally, we are introducing a new ChatBot feature through Edfinancial.com that will advise of borrower options, such as the self-certification IDR option. These efforts were created to supplement FSA's borrower outreach that is described in the R2R Communications Playbook.

*Text Communications*. We have utilized text communication with our customers during the loan suspension period. Below are examples of some of the text communications we have sent during the past year:

- Over 70,000 texts encouraging borrowers to use the chat functionality

- Approximately 60,000 texts suggesting that customers establish a borrower portal

- Nearly 30,000 texts encouraging customers to sign up for ACH to receive a 0.25% interest rate reduction and create and easier payment solution.

Additionally, we have prepared the following texts to send to borrowers in December 2021-January 2022:

- Return to Repayment text that promotes IDR option
- Auto-debit confirmation text to allow borrowers to respond directly via text message to confirm their auto-debit enrollment.

*Technology updates during loan payment suspension*. We created a COVID-19 borrower-facing webpage (Edfinancial.com/COVID-19) and have made ongoing updates to the page. Other technological updates that we have made during the pandemic to assist in return to repayment include the following: debit card payments by phone through pay.gov, live chat with an agent option, enrollment in auto-debit over the phone with an agent, and implementation of a process allowing an agent to create an online account for a borrower over the phone. We have also increased our efforts to locate borrowers for whom we have invalid contact (skip) information, which has allowed us to keep our skip volume down. By focusing on skip tracing efforts now during the loan payment suspension, we can further ensure that we will have the most up-to-date contact information once borrowers enter repayment.

*Internal Meetings*. We formed an internal CARES Act Workgroup very early during the COVID-19 payment suspension, which is comprised of subject matter experts from across the company. This workgroup meets periodically to discuss the implementation of FSA's guidance and to brainstorm on next actions.

Edfinancial continues to proactively work to inform borrowers about all repayment plans sot that borrowers can determine which plan works for their individual situation. We want the borrower to understand what will happen once the payment suspension ends, so our agents are using this payment pause to reach out to borrowers. For example, if a borrower indicates they are unemployed or are experiencing financial hardship, we will explore options with them, beginning with an IDR plan as IDR plans are eligible repayment plans for PSLF and long-term IDR forgiveness.

Edfinancial has created policies and procedures for assisting borrowers that follow applicable consumer protection laws to ensure all borrowers are treated fairly and in accordance with applicable laws.

2. **How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?**

Per FSA guidance, we are contacting all borrowers who were previously enrolled in auto-debit (prior to 3/13/2020) and had their payments suspended. We are communicating via email and postal mail to request that the borrower confirm their auto-debit enrollment. We are sending up to three notices to borrowers as part of this outreach effort.

Borrowers enrolled in auto-debit who have opted-out of the COVID-19 payment pause receive a reminder that no action is needed to continue their auto-debit enrollment.

Additionally, borrowers who enrolled in auto-debit on or after 3/13/2020 will receive one reminder notification that auto-debit will resume upon return to repayment. These borrowers are not required to confirm auto-debit enrollment, but are provided with details about how they can update their enrollment or banking information.

**(a) How many rounds of outreach have you done about auto-debits so far?**

We have completed two reminder (no action needed) notifications to borrowers who enrolled in auto-debit on or after 3/13/2020, or who opted-out of the COVID-19 payment pause. We began auto-debit confirmation outreach in September 2021, and will conclude outreach in December 2021. Once completed, we will have sent up to 3 outreach attempts per borrower, as required by FSA, to confirm auto-debit enrollment.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

In accordance with FSA guidance, we have contacted these borrowers via email and postal mail to describe their options to verify auto-debit enrollment. Email has had the best response rate.

Specifically, we have sent 392,117 emails to this borrower population. 100,757 borrowers have elected to continue auto-debit enrollment and 1,313 have elected to stop auto-debit for a total response rate of approximately 26%.

We have sent 7,591 postal mail communications to this borrower population. 1,710 borrowers have elected to continue auto-debit enrollment and 31 have elected to stop auto-debit for a total response rate of approximately 23%.

In addition to email and postal mail, if we speak to customers on the telephone, our customer service representatives will be prompted to describe the borrower's options and inquire if they would like to opt-in or opt-out of auto-debit. Our borrower-facing online portal is another way that we confirm auto-debit enrollment. Borrowers who need to confirm their choice for auto-debit enrollment will receive a questionnaire upon logging in. They are able to make their selection online without being required to speak with us directly. We recently received FSA approval to send a text message to borrowers that need to confirm auto-debit enrollment prior to return to repayment. The borrower will be able to respond directly to the text message to confirm enrollment.

When considering all of the options to confirm auto-debit enrollment, we have had an overall success rate of 46.17%. Please see the chart below for details.

| Data as of Date | Total | Confirmed Auto-Debit | Removed Auto-Debit | Need to Confirm Auto-Debit | Response Rate |
|---|---|---|---|---|---|
| 12/7/2021 | 225,984 | 102,968 | 1,360 | 121,656 | 46.17% |

3. **How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?**

Beginning in 2020, we performed outreach to borrowers to discuss their account and options to prepare for successful return to repayment. We advised borrowers that are not enrolled in auto-debit about the option to enroll and the 0.25% interest rate reduction that would be available to them. Our outreach has supplemented FSA's communication to this borrower population.

**(a) How many rounds of outreach have you done so far?**

Although not required by FSA, we performed proactive outreach to encourage borrowers to consider enrolling in auto-debit throughout 2020 and 2021. Additionally, FSA has sent and will send direct communication to borrowers detailing the auto-debit option. For example, FSA plans to email all borrowers not signed up for auto-debit between December 15, 2021 – December 17, 2021 to encourage enrollment.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

We are unable to provide response rates for this borrower population.

4. **How is your company communicating with new borrowers that have been or will be transferred to your company?**

In August 2021, FSA selected Edfinancial to receive all of Granite State Management & Resources (GSM&R)'s Direct Loan servicing volume. Edfinancial has immediately began preparation and planning, and together with FSA and GSMR developed a comprehensive loan conversion plan that allowed us to complete a transfer of almost 1.3 million borrowers well before the end of the year.

The conversion batches commenced on September 7, 2021 and were completed on November 23, 2021. Edfinancial transferred 1,278,366 borrowers with 2,278,392 unique active borrower accounts ahead of schedule.

Edfinancial has been communicating to these newly transferred borrowers through phone calls, postal mail, email and text alerts

(a) **How many rounds of outreach have you done so far?**

With almost three decades of loan servicing experience, Edfinancial recognizes that many borrowers are anxious about their loans being transferred to a new service provider. We want to make sure that each Granite State borrower converted to Edfinancial's system is fully aware of who his or her new servicer is, all the options and benefits available to them, and most importantly, to feel welcomed and secure in the fact that they will be supported during and after the loan conversion.

Edfinancial's communication methods with former Granite State borrowers have included the following:

- Each transferred borrower received a Granite State Welcome letter.
- All transferred borrowers with email addresses also received a Welcome eblast.
- All transferred borrowers with valid telephone number and cell-phone consent also received a Welcome text.
- All transferred borrowers with email addresses also received the MMA Outreach eblast. MMA (Manage My Account) is Edfinancial's borrower portal. The MMA eblast reminded borrowers to create an online account.
- Per FSA Return to Repayment Change Requests:
  - Email and postal mail outreach to borrowers that were set up on auto-debit prior to 3/13/2020 to confirm desire to continue with auto-debit once repayment commences.

Total Emails Sent: 1,865,893

In addition, Edfinancial completed two of the three ongoing auto-debit confirmation outreach campaigns with 23% of transferred borrowers confirming the retention of ACH and 0.56% discontinuing their ACH. The remaining borrowers have not yet responded.

Below are the details for the Welcome eblast and MMA eblast we conducted for the transferred borrowers:

| Send Date | Eblast Name | Sent |
|---|---|---|
| 09/17/2021 | Granite State Welcome 9-17-21 | 7,781 |
| 09/17/2021 | Granite State Welcome 9-16-21 | 6 |
| 09/30/2021 | Granite State Welcome - Second Notice 9-30-21 | 7,202 |
| 10/06/2021 | Granite State Welcome - 10-7-2021 | 91,604 |
| 10/06/2021 | Granite State Welcome - 10-6-2021 | 38 |
| 10/06/2021 | Granite State Welcome - 10-6-2021 | 91,975 |
| 10/19/2021 | Granite State Welcome - 10-19-2021 | 1 |
| 10/19/2021 | Granite State Welcome - 10-19-2021 | 142 |
| 10/19/2021 | Granite State Welcome - 10-19-2021 | 25,993 |
| 10/20/2021 | Granite State Welcome - 10-20-2021 | 25,988 |
| 10/21/2021 | Granite State Welcome - 10-21-2021 | 1 |
| 10/21/2021 | Granite State Welcome - 10-21-2021 | 71 |

| Send Date | Eblast Name | Sent |
|---|---|---|
| 10/21/2021 | Granite State Welcome - 10-21-2021 | 24,994 |
| 10/21/2021 | Granite State Welcome - 10-21-2021 | 25,995 |
| 10/22/2021 | Granite State Welcome - 10-22-2021 | 24,980 |
| 10/22/2021 | Granite State Welcome - 10-22-2021 | 25,987 |
| 10/23/2021 | Granite State Welcome - 10-23-2021 | 24,408 |
| 10/23/2021 | Granite State Welcome - 10-23-2021 | 23,583 |
| 10/25/2021 | Granite State Welcome - 10-25-2021 | 1 |
| 10/25/2021 | Granite State Welcome - 10-25-2021 | 21 |
| 10/26/2021 | Granite State Welcome - 10-25-2021 | 49,992 |
| 10/27/2021 | Granite State Welcome - 10-26-2021 | 49,992 |
| 10/28/2021 | Granite State Welcome - 10-27-2021 | 47,614 |
| 10/29/2021 | Granite State Welcome - 10-29-2021 | 52,251 |
| 10/29/2021 | Granite State Welcome - 10-29-2021 | 49,993 |
| 10/29/2021 | Granite State Welcome - 10-29-2021 | 14 |
| 11/04/2021 | Granite State Welcome - 11-4-2021 | 54,975 |
| 11/04/2021 | Granite State Welcome - 11-4-2021 | 93 |
| 11/05/2021 | Granite State Welcome - 11-5-2021 | 56,626 |
| 11/08/2021 | Granite State Welcome - 11-8-2021 | 128 |
| 11/08/2021 | Granite State Welcome - 11-8-2021 | 64,976 |
| 11/09/2021 | Granite State Welcome - 11-9-2021 | 67,579 |
| 11/10/2021 | Granite State Welcome - 11-12-2021 | 52,723 |
| 11/10/2021 | Granite State Welcome - 11-10-2021 | 20 |
| 11/10/2021 | Granite State Welcome - 11-10-2021 | 28 |
| 11/10/2021 | Granite State Welcome - 11-10-2021 | 53 |
| 11/10/2021 | Granite State Welcome - 11-10-2021 | 53,382 |
| 11/11/2021 | Granite State Welcome - 11-11-2021 | 56,967 |
| 11/15/2021 | Granite State Welcome - 11-15-2021 | 41 |

| Send Date | Eblast Name | Sent |
|---|---|---|
| 11/15/2021 | Granite State Welcome - 11-15-2021 | 53,332 |
| 11/16/2021 | Granite State Welcome - 11-16-2021 | 51,135 |
| 11/17/2021 | Granite State Welcome - 11-17-2021 | 23 |
| 11/17/2021 | Granite State Welcome - 11-17-2021 | 50,697 |
| 11/17/2021 | Granite State MMA Outreach 11-17-2021 | 21 |
| 11/17/2021 | Granite State MMA Outreach 11-17-2021 | 26,922 |
| 11/17/2021 | Granite State MMA Outreach 11-17-2021 | 26,920 |
| 11/22/2021 | Granite State Welcome 11-22-2021 | 3 |
| 11/22/2021 | Granite State Welcome - 11-22-2021 | 19,837 |
| 11/22/2021 | Granite State MMA Outreach 11-18-2021 | 26,940 |
| 11/22/2021 | Granite State MMA Outreach 11-18-2021 | 26,918 |
| 11/23/2021 | Granite State Welcome - 11-23-2021 | 10 |
| 11/23/2021 | Granite State Welcome - 11-23-2021 | 45,520 |
| 11/23/2021 | Granite State MMA Outreach 11-23-2021 | 28,218 |
| 11/23/2021 | Granite State MMA Outreach 11-23-2021 | 26,907 |
| 11/30/2021 | Granite State MMA Outreach 11-30-2021 | 167 |
| 11/30/2021 | Granite State MMA Not Set Up | 26,399 |
| 11/30/2021 | Granite State MMA Not Set Up | 26,402 |
| 12/02/2021 | Granite State MMA Outreach 12-3-2021 | 16 |
| 12/02/2021 | Granite State MMA Outreach 11-30-2021 | 53,916 |
| 12/03/2021 | Granite State MMA Outreach 12-3-2021 | 79,802 |
| 12/04/2021 | Granite State MMA Outreach 12-4-2021 | 79,756 |
| 12/05/2021 | Granite State MMA Outreach 12-5-2021 | 57,996 |
| 12/07/2021 | Granite State MMA Outreach 12-7-2021 | 170 |
| 12/07/2021 | Granite State MMA Outreach 12-7-2021 | 99,648 |
| **Total** | | **1,865,893** |

*Manage My Account Portal – tracking per conversion batch*

| **Transfer #** | **Transfer Date** | **Total Count of Borrowers Transferred** | **Count of Transferred Borrowers who have created an online account with Edfinancial** | **% of Transferred Borrowers who created online account** |
|---|---|---|---|---|
| 1 | 09/07/2021 | 7,833 | 3,378 | 43.13% |
| 2 | 09/22/2021 | 184,201 | 32,335 | 17.55% |
| 3 | 10/7&10/8 | 203,898 | 51,885 | 25.45% |
| 4 | 10/20 & 10/21 | 250,462 | 43,705 | 17.45% |
| 5 | 10/27/2021 | 245,698 | 42,809 | 17.42% |
| 6 | 11/03/2021 | 268,958 | 39,200 | 14.57% |
| 7 | 11/10/2021 | 117,316 | 15,546 | 13.25% |
| **GRAND TOTAL** | | **1,278,366** | **228,858** | **17.90%** |

We can also share that since the start of Granite State borrower transfers we have received 44,994 phone calls from them with close to 30% of callers inquiring about billing, payments and asking general transfer questions.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

We have identified in section (a) above all of the response rates that we have tracked for this particular population.

**5. Since our last correspondence, what proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume? Please provide details on these outreach efforts.**

As described in our response to Question 1, we have worked and continue to work proactively to ensure all borrowers are enrolled in a repayment plan that works for their individual situations. We want the borrower to understand what will happen once the payment suspension ends, so our agents are using this payment pause to reach out to borrowers and answer any questions they may have. For example, if a borrower indicates they are unemployed or are having financial hardship, we will explore available repayment options with them – beginning with an IDR plan, as IDR plans are eligible repayment plans for PSLF and long-term IDR Forgiveness.

Below we describe the efforts that we have undertaken since our July 2, 2021 correspondence.

**June 2021 - present**

- Since June 2021 we have been making targeted outreach calls to the "at risk" population of borrowers. Our agents focus on counseling this population on how to be successful during Return to Repayment period, which includes the right repayment plan, utilization of the borrower portal and auto-debit if applicable.
  This "at risk" population includes borrowers who:
  - Had not graduated and entered repayment in the last 60 months
  - Entered repayment for the first time within the last 36 months
  - Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
  - Was ever 90 days delinquent or more in the year prior to payment pause

Below is a chart illustrating call campaign outreach attempts and performance.

| Month | Calls Made | Calls Answered | Connect Rate |
|---|---|---|---|
| June | 62,836 | 6,454 | 10.27% |
| July | 18,537 | 2,875 | 15.51% |
| August | 30,137 | 4,725 | 15.68% |
| September | 47,666 | 6,721 | 14.10% |
| October | 140,658 | 19,146 | 13.61% |
| November | 35,390 | 3,788 | 10.70% |

In addition to calls Edfinancial is conducting email and text campaigns to drive action from the "at risk" population.

Additional Outreach includes:

**November 2021** - reminder of repayment restart and advising of ability to reduce interest rates with auto pay (425,000 "at risk" borrowers).

**December 2021**- reminder of repayment restart and encouraging IDR if needed (600,000 "at risk" borrowers will have been contacted by the end of December).

To date these additional calls have resulted in over 37,000 of “at risk” borrowers being enrolled in an IDR plan.

**Prior to July 2021**

As discussed in our July 2, 2021 letter, in March 2019, Edfinancial created the Repay Assist Team. The objective of this team is to assist the customer base in choosing the correct repayment plan. This team’s call outreach focuses on those borrowers exiting their grace periods in order to discuss which repayment plan is best suited for their situation. The team performs this outreach prior to the borrower entering repayment, thereby preventing delinquency at the outset of repayment as well as establishing a healthy relationship between the customer and their student loan servicer. In addition to a reaching out to borrowers exiting their grace periods, the team also performs follow-up with borrowers based on their exit counseling responses and repayment plan selection, as well as those borrowers who need to take further action with respect to their IDR application process. This team also supported the outreach campaigns already referenced in our responses above.

Below is an overview of our Repay Assist Team Campaigns during the COVID-19 suspension of payments:

**4/27/20 – 9/23/20**

- COVID Outreach – advising of changes with CARES Act, answering questions – targeting newer borrowers
- 141,112 attempts

**09/24/20 – 10/05/20**

- New to Repayment campaign – checking in with new borrowers, advising of changes to account with CARES Act and President’s extension, checking in on present repayment plan, answering questions
- 3,882 attempts

**10/06/20 – June 2021**

- Grace Outreach campaign – same purpose as New to Repayment campaign – targeting borrowers in their last month of grace.
- 234,882 attempts

**6. Since our last correspondence, please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.**

Per FSA guidance, we are completing additional outreach to certain “at risk” borrowers, to ensure they are aware of various programs and flexibilities to assist them in a successful return to repayment. The outreach includes up to 3 outbound phone attempts to the borrower. The outreach began June 2021 and will go through July 2022. The outreach is designed to advise the borrower of their next payment due date, payment amount, information about payment plans such as IDR, and the option to sign-up for or confirm auto-debit information.

- For this outreach the "at risk" categories are defined as customers who, as of the end of the payment pause:

  - Had not graduated and entered repayment in the last 60 months
  - Entered repayment for the first time within the last 36 months
  - Exited hardship, unemployment, or natural disaster deferment or forbearance in the last 48 months
  - Any customer who was ever 90 days delinquent or more in the year prior to payment pause.

Below is a summary of our at-risk outreach efforts (calls made, calls answered, and connect rate) from June 2021 – November 2021.

| Month | Calls Made | Calls Answered | Connect Rate |
|---|---|---|---|
| June 2021 | 62,836 | 6,454 | 10.27% |
| July 2021 | 18,537 | 2,875 | 15.51% |
| August 2021 | 30,137 | 4,725 | 15.68% |
| September 2021 | 47,666 | 6,721 | 14.10% |
| October 2021 | 140,658 | 19,146 | 13.61% |
| November 2021 | 35,390 | 3,788 | 10.70% |

Since outreach began, 37,054 of at-risk borrowers have enrolled in an IDR plan.

In November 2021, we sent a return to repayment reminder to 425,000 at-risk borrowers and advised of the option to enroll in auto-debit. In December 2021, we are sending a return to repayment reminder to 600,000 at-risk borrowers with more information about IDR options.

**7. Since our last correspondence, are you on track to complete hiring in advance of the loan payment pause being lifted?**

Yes, Edfinancial is on track to complete hiring and training in advance of the loan payment pause being lifted. Since our July 2, 2021 letter, Edfinancial will have hired and through the engagement of a subcontractor, will have acquired the services of an additional total of 379 employees for loan servicing prior to January 31, 2021. I would note that we are prepared to the best of our ability from a staffing perspective for return to repayment. We have determined our staffing needs based on information available to us, including call volume projections and number of borrowers who will actually be in repayment (versus in school). As readily acknowledged by the government and servicers alike, having this number of borrowers re-enter repayment at the same time is a historic and unprecedented event. Unexpected factors can influence call volumes on a daily basis, such as news reports, communications from FSA and the like. We cannot project with absolute certainty the number of calls we will receive every day. In addition, the current job market is very tight, making it challenging to attract and replace talent. That being said, we have succeeded thus far in our hiring and engagement goals and will diligently continue to work to retain and attract new talent. Another challenge that we have experienced in past years is timely obtaining security clearances for our newly hired employees. The length of the security clearance process has improved dramatically in the past few years, and we appreciate that. However, there remains the possibility that the occasional bottleneck in the clearance process can prevent us from having new employees start work as quickly as we would like.

**(a) How many additional staff do you need to hire before January 31, 2022? How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point? How will it compare to the ratio you had in February 2020?**

Edfinancial plans to hire or engage through a subcontractor 209 additional employees by January 31, 2022, and 79 additional employees by the end of February 2022. Please see below the ratios of borrowers to staff:

| | **Ratio of Staff to Borrowers** | **Ratio of Staff to Borrowers in Repayment** |
|---|---|---|
| February 2020 | 1 to 6,401 | 1 to 3,172 |
| January 2022 | 1 to 6,653 (projected) | 1 to 3,711 (projected) |
| February 2022 | 1 to 6,097 (projected) | 1 to 3,596 (projected) |

**(b) How many of these staff will be Spanish-speaking? How many total Spanish-speaking customer service representatives do you plan to have on staff? How many primarily Spanish-speaking borrowers do you estimate that you will be servicing? What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?**

Edfinancial projects the need for 12 Spanish-speaking FTEs during Return to Repayment peak period. However, we project to have approximately 25 Spanish-speaking agents by the end of January 2022. This Spanish-speaking staff will serve an estimated 3.5-5.5% of Edfinancial's Spanish-speaking borrower population based on our historical Spanish calls data.

Each borrower who calls Edfinancial will have a choice to speak to a Spanish -speaking representative. Edfinancial's call back feature is of great assistance to all borrowers including those whose primary language is Spanish. If all Spanish-speaking representatives are currently busy, a borrower will have a choice to stay on the line or select a call back feature.

**8. Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances? How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?**

Edfinancial does not currently track "change in financial circumstances" as a reason for call; however, we have identified 13,566 borrower phone calls received from 1/1/21 – 12/13/21 regarding a repayment plan.

**(a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?**

Of the 13,566 borrower calls identified above, 4,598 borrowers either enrolled in an IDR Plan, renewed their IDR plan, changed IDR plans, or had their current IDR plan recalculated following their initial phone call to Edfinancial.

Below is a chart of the overall IDR processing since March 2020:

| Month | New | Recertification | Recalculation | Change |
|---|---|---|---|---|
| Mar-20 | 4236 | 5620 | 336 | 300 |
| Apr-20 | 1623 | 4024 | 179 | 131 |
| May-20 | 631 | 1382 | 58 | 46 |
| Jun-20 | 870 | 1737 | 76 | 52 |
| Jul-20 | 646 | 2864 | 94 | 69 |
| Aug-20 | 685 | 3068 | 109 | 74 |
| Sep-20 | 968 | 3185 | 98 | 50 |
| Oct-20 | 1205 | 3827 | 185 | 87 |
| Nov-20 | 2531 | 2646 | 222 | 92 |
| Dec-20 | 2551 | 2635 | 276 | 118 |
| Jan-21 | 2267 | 2117 | 196 | 97 |
| Feb-21 | 1120 | 1176 | 73 | 33 |
| Mar-21 | 1403 | 1065 | 81 | 47 |
| Apr-21 | 1203 | 964 | 71 | 39 |
| May-21 | 957 | 807 | 56 | 29 |
| Jun-21 | 1169 | 941 | 83 | 35 |
| Jul-21 | 1012 | 881 | 63 | 33 |
| Aug-21 | 1238 | 990 | 124 | 42 |
| Sep-21 | 1138 | 502 | 127 | 42 |
| Oct-21 | 2338 | 605 | 255 | 73 |
| Nov-21 | 2794 | 454 | 230 | 50 |

**(b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in February 2022?**

- Per FSA guidance, IDR recertification dates have been extended to ensure no one is due for recertification before August 2022.
- We have spread out the repayment start date over two months as to give the customer and the agents a responsible balance of payment
- We have increased staffing for the IDR processing team to prepare for increased volume.
- We have increased staffing for our call center to prepare for increased volume.

As mentioned in our response to Question 1, in December 2021, we have sent emails promoting the self-certification IDR option. We have plans to send additional email promotions in January 2022. We have also created a text message for use in January 2022 that will provide a direct link to complete the simplified self-certification option through StudentAid.gov. Finally, we are introducing a new ChatBot feature through Edfinancial.com that will advise of borrower options, such as the self-certification IDR option. These efforts were created to supplement FSA's borrower outreach that is described in the R2R Communications Playbook.

**(c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?**

Edfinancial's current processing time for entering IDR plan or recertifying with a new payment in an existing IDR plan is 9 business days.

**9. What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?**

At Edfinancial, we consistently strive to do the right thing for our customers. As described in more detail in our responses to Questions 1, 5 and 6. we have engaged in a number of outreach efforts to inform our borrowers about the availability of IDR plans in order to help them determine whether they need to be enrolled now in an IDR plan prior to the return to repayment. Please refer to our responses to Questions 1, 5 and 6 for a description of these specific efforts.

**(a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?**

Edfinancial offers a rigorous training program to their newly hired customer service representative as well as regular calibration trainings for the experienced agents.

Newly hired customer service representatives are trained with a combination of virtual classroom instruction, online resources, quizzes, discussions and role playing. At the end of their classroom training period, they receive live mentoring with one of our veteran customer service representatives. After representatives start taking calls on their own, any applicable updates and refreshers to regulations or business decisions are communicated through an online training update alert or virtual training sessions, depending on the complexity of the change. Additionally, online resources, such as our internal wiki pages, are updated as needed.

Our training team consistently focuses on topics such as assisting borrowers with the most benefitting repayment options for their needs. This includes first offering the benefits of IDR plans and supporting borrowers in their journey of applying for an IDR plan rather than first suggesting forbearance during financial hardship. The IDR plan counseling is one of the check points during the call evaluations and always part of calibration trainings of the experienced agents.

**10. What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?**

Please see our response to Question 9.

**11. Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume on February 1, 2022?**

Yes, Edfinancial is confident that its hiring and training strategy implemented over the past six month will allow us to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume on February 1, 2022. One of the challenges in hiring and training new representative we must consider at all times is the process of receiving security clearances. The security clearance process has improved dramatically in the past few years, but still creates an occasional bottleneck as it takes time for the federal government to evaluate each candidate.

**Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?**

**a) The percentage of borrowers who end a call before reaching a customer service representative by phone.**

**b) How well customer service representatives answer borrower questions and help them navigate repayment options.**

c) **Whether servicers process borrower requests accurately the first time.**

**d) The overall level of customer service provided to borrowers.**

Edfinancial is currently meeting the above-referenced performance metrics, and as discussed in our response to Question 7 above, we have hired and continue to hire additional staff and accordingly plan to continue to meet those levels. Also as discussed in our response to Question 7, unforeseen external factors such as media reports or email communications from FSA (and these are just two examples) can cause unexpected and dramatic spikes in call volumes from day to day that could impact our performance that day. Based on our projections and assumptions with information available to us today and barring unforeseen significant events, however, yes we expect to be able to meet these performance metrics for return to repayment.

**12. Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?**

Escalated complaints are managed and tracked by the Customer Resolutions Unit (CRU) within our Compliance department. Complaints are analyzed for trends/root cause, and if necessary, will lead to policy/procedure changes or additional staff training. CRU reviews each complaint received by a customer or third party and issues a response to the customers to ensure their concerns are addressed and to ensure they are provided with necessary information to satisfy the complaint.

An escalated complaint is one that is received from:

a. Federal Student Aid's (FSA) Feedback and Dispute Management System (FDMS)
b. a consumer or governmental agency
c. Consumer Financial Protection Bureau (CFPB) Complaint Portal
d. a congressional office (FSA Control Mail)
e. the FSA Ombudsman's Group
f. Better Business Bureau (BBB)
g. Customer Care and Loan Servicing departments, such as:
    i. correspondence that includes a threat of litigation or legal action from an attorney;
    ii. correspondence written directly to executives, corporate officers, or directors of the company;
        1. communication alleging non-compliance with regulations or laws, such as fair lending, fair treatment, privacy laws, or those that may allege unfair, deceptive or abusive acts or practices;
    iii. Escalated customer phone calls, emails and/or requests for supervisor callback that the frontline staff is unable to resolve
h. a customer (or attorney representing the customer) regarding a lawsuit for conduct alleged to have occurred in the course of Edfinancial's servicing activities

**13. What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?**

As described in our response to Question 4, all Granite State borrowers transferred to Edfinancial between September and November 2021 were part of a careful and diligent conversion process that involved cooperation among Edfinancial, GSMR and FSA. As part of the post-transfer validation process, Edfinancial confirms that every borrower's account history is included in each transferred batch of loans, and each borrower's payment history is included in the account history.

**14. What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?**

In an effort to keep borrowers from being harmed as a result of return to repayment and in recognition of the historic impact of a nearly two-year suspension in student loan payments, borrowers will be allowed additional flexibilities in the early stages of the return to repayment.

Specifically, FSA established a three-month Safety Net Period effective February 1, 2022, and Edfinancial will fully comply with the Safety Net Period requirements:

- Borrowers who are unable to make payments up to 90 days after their first payment is due will not be adversely affected by negative reporting for credit purposes
- The delinquency will be resolved through use of a retroactive non-capping forbearance

Upon exiting the Safety Net Period Edfinancial will send one notification via direct email or post mail notifying those borrowers who were placed in the administrative forbearance to resolve delinquency.

**15. Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?**

Edfinancial is consistently timely in implementing policy changes that are communicated to the federal servicers via FSA's CRs (Change Requests). To date, all CRs that Edfinancial has received from FSA regarding Return to Repayment have not raised concerns with respect to our ability to implement them on time and accommodate the borrowers who will start making their student loan payments on February 1, 2022. Barring any unforeseen circumstances, we anticipate being able to implement additional CRs that we receive from FSA before payments resume on February 1, 2022.

In closing, Edfinancial looks forward to working with borrowers to help them navigate the return to repayment and we are working hard in preparation for this event.

Wm. Anthony Hollin
President and Chief Executive Officer

Via Email to *Abby_Mccartney@warren.senate.gov*

The Honorable Elizabeth Warren
United States Senate
Washington, D.C. 20515

The Honorable Richard Blumenthal
United States Senate
Washington, D.C. 20515

The Honorable Tina Smith
United States Senate
Washington, D.C. 20515

The Honorable Chris Van Hollen
United States Senate
Washington, D.C. 20515

December 17, 2021

Dear Members of Congress:

Nelnet received your request for an update regarding our plans to support federal student loan borrowers transitioning to repayment. Since your inquiry in June, we have made consistent progress towards implementing the Department of Education's (ED) new guidance and hiring additional staff to meet the anticipated needs of borrowers in February. We look forward to supporting borrowers through this transition and remain committed to ensuring borrowers receive reliable and effective service as they manage their student loans. This letter provides an updated summary of the combined transition efforts for Nelnet Loan Servicing (Nelnet) and Great Lakes Educational Loan Services (Great Lakes).

**Anticipating Borrower Needs in Return to Repayment**

In the normal course of servicing, we conduct ongoing analysis of borrower behavior trends that we've collected over 40 years of servicing education loans. We use this analysis to predict staffing needs, financial pain points for borrowers, and other factors that contribute to borrowers' decision making at any given time of year. We continue to leverage this data where possible as we implement ED's new guidance and standards for borrower support. However, the unprecedented nature of the upcoming return to repayment is not without challenges. For the first time in the history of education loans, borrower payments have been suspended for two years. All repayment plans are scheduled to resume on the same day. Several servicers are exiting the industry while the federal education loan program continues to grow in complexity. Remaining servicers are tasked with recruiting, vetting, and retaining employees in an increasingly competitive labor market. Further still, borrowers are receiving conflicting messages from trusted leaders that they should no longer be responsible for repaying their loans, or that their loans should be forgiven. These factors create several unknowns that make it difficult to rely on our models and historical data.

In our July 6th letter, we shared that Nelnet and Great Lakes took measures at the start of the pandemic to ensure continuity of customer service and support for borrowers. Our call centers have been open and fully staffed throughout the pandemic, and no customer service staff were laid off. We have been available to provide timely and actionable information to borrowers with questions about student loan relief, as well as borrowers seeking to take advantage of the 0% interest rate by continuing to make payments. At all times, we aim to ensure that we have sufficient staff who are fluent in Spanish and available to assist Spanish-speaking borrowers. We are confident in our ability to continue delivering high quality customer service and low wait-times to our Spanish-speaking borrowers. Since May of 2021, we've hired and trained 1,878 employees to prepare for repayment resumption. An additional 764 employees were also hired during this timeframe but are no longer with the company given retention challenges in today's labor market. We also plan to staff for 500 more employees than our estimates require to be prepared for unanticipated surges in call volume.

**Borrower Outreach**

Borrower outreach regarding transition to repayment is driven by ED. ED has sent several communications to borrowers reminding them of the upcoming transition and advising them to contact their servicers. With ED's approval, we have also sent several emails to over 10 million borrowers who are expected to return to repayment, encouraging them to check in with us to discuss repayment options and update contact info. We have made approximately 12 million attempts to call borrowers identified by ED as at-risk. For the 2.3 million borrowers enrolled in autodebit, we have contacted them to confirm their preferences when repayments resume. Sixty-five percent of these borrowers have responded to our outreach, and 98% of their responses have indicated that they wish to continue their autodebit enrollment. With ED's approval, we also plan to send additional outreach promoting self-service options via our websites. All communications with borrowers encourage them to consider income-driven repayment plans before offering forbearance as repayment solution. ED has also provided instructions to servicers regarding treatment of repayment plans and support for borrowers who show signs of concern regarding their ability to successfully repay their loans.

**Loan Transfers**

Prior to transferring each loan to our system, our analysts conduct a robust audit of more than 600 criteria to ensure we are receiving accurate and complete data. We then work to resolve any errors, logging each issue for continued monitoring throughout the transfer. In addition, ED's Office of Federal Student Aid (FSA) Vendor Oversight and Monitoring Team conducts additional testing to validate borrower data during the transfer process. Borrowers transferred to our system receive transfer notices and additional communications, subject to ED's approval, that support their transition to us as their new servicer.

We have extended invitations to Congressional staff for meetings to provide general information and training for addressing inquiries regarding return to repayment. To the extent that you have specific questions about ED guidance or servicer performance, we recommend contacting FSA. For all other inquiries, we would be happy to meet with your staff to continue discussing anticipated impacts of the transition.

Sincerely,

Joe Popevis

Joe Popevis
President, Nelnet Diversified Solutions
Nelnet

cc: Richard Cordray, Chief Operating Officer, Federal Student Aid
Sen. Patty Murray, Chair, Senate Committee on Health, Education, Labor and Pensions
Sen. Richard Burr, Ranking Member, Senate Committee on Health, Education, Labor and Pensions