

*Dear Client:*

*Thank you for choosing American Education Services (AES) to manage your education loan portfolio. Our goal is to provide a smooth transition for you and your customers during the transfer of your loan portfolio to AES.*

*This Portfolio Preparation Guide was developed to provide you with file preparation, conversion instructions and detailed information concerning your conversion. The guide also contains suggestions and helpful hints to assist you in preparing and packaging your education loan documents. To familiarize you with AES services, we have provided an overview of our operational departments dedicated to provide quality service to your customers.*

*It is important that you follow the portfolio preparation instructions as they are outlined in the guide. The time frames we provide to complete your conversion are based on the loan documents being provided in the recommended format. Actual portfolio preparation instructions begin on page 17 and 18.*

*Conversion Services is available to assist you throughout the conversion of your loan portfolio to AES. We encourage you to contact the Conversion Services Department with questions relating to your conversion.*

*Once again, thank you for choosing AES. We look forward to assisting both you and your customers.*

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## Operating

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- The eCommunications Center
- Business Support Group

## Support Functions

- Audits
- Business Support Group
- System Development and Maintenance
- Compliance

## Loan Origination

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- The AES Loan Origination Department provides loan disbursement services to over five hundred lenders and numerous guarantors. The department is capable of receiving loan requests and applications via regular mail, telephone and the internet, and monitors guaranteed information from the date of receipt through loan disbursement and conversion to our servicing system.
- Common duties performed by department staff include the following: data entry of application information to the loan origination system module, corrections to application data, toll free customer service and loan product assistance, promissory note review and verification, cancellation or reissuing of loan disbursements and regular communication with school and lender representatives. Small groups of staff also perform underwriting tasks which include credit review, employment and salary confirmation and debt to income analysis.
- Loan Origination processes an average of 600,000 AES guaranteed federal applications each year, and another 10,000 for other guarantors nationwide, as well as 40,000 private loan products

**Direct Line:** (717) 720-3000

**Customer Service Number:** (800) 343-1809

**Hours of Operation:**  
Monday–Friday 8:00 a.m. – 5:00 p.m. (ET)

**Correspondence Address:** Loan Origination Department  
P.O. Box 8116  
Harrisburg, PA 17105

**Correspondence Fax:** (717) 720-3910

**Department e-mail:** [aeslo@aesSuccess.org](mailto:aeslo@aesSuccess.org)

## Conversion Services

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- Conversion Services is responsible for converting accounts to the AES system. Along with the AES Portfolio Manager, Conversion Services is the initial contact clients have with AES. A Conversion Supervisor and associate are assigned to work with each client during every phase of the conversion.
- Conversion Services maintains an average conversion timeframe of five calendar days with an exceptional accuracy rating of 99.66%. An average of over 4,000 accounts per month is manually converted. In addition, we possess technology to support the conversion of loan information by tape and/or electronic data transmission. We presently convert 45,000 to 50,000 accounts per month through the electronic processes. Our teams are specialized in core functions and are diverse in knowledge. We offer on-line report access through the use of Page Center. Clients are able to review, download, and print various conversion, disbursement, end of month, and AMR reports, etc. Our department manages the imaging of client assets with the Viewstar system and strives to support a paperless environment. We welcome the opportunity to receive imaged files eliminating manual intervention.
- In accordance with your contract, and if applicable, a thorough file examination will be conducted during input processing to assure file completeness and identify missing documentation. Missing documentation will be itemized on a Liability Notation Report. When the review is complete, AES (upon your request) will forward a copy of the Liability Notation Report for your records.
- Portfolio conversions fall into one of two categories. They are the "One Tier Conversion", generally used for very small portfolios, and the "Two Tier Conversion", the most common procedure we use when converting large repayment portfolios. The "One Tier and Two Tier Conversion" procedures are thoroughly explained on pages 39 - 41.
- AES will review an agreed upon number of sample files to determine the appropriate conversion fee. Conversion fees will be based on the requested file preparation outlined in this document. We require that the files are organized in this format and are accompanied with correct transmittal data. If the files are not properly assembled, a higher conversion fee will be quoted. AES has the right to increase the fee at conversion time if it is determined the sample files were not representative of the files received for the actual conversion.

## Conversion Services

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- For a separate, negotiable fee, the lender has the option of having AES package the lenders' files on-site.

**Direct Line:** (717) 720-2300

**Hours of Operation:**  
**Monday–Friday** 8:00 a.m. – 5:00p.m. (ET)

**Correspondence Address:** American Education Services  
Conversion Services  
1200 North 7th Street - Corr 2-C  
Harrisburg, PA 17102

**Correspondence Fax:** (717) 720–3906

**Department e-mail:** [conversions@aesSuccess.org](mailto:conversions@aesSuccess.org)

## Network Consolidation

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- The Network Consolidation Department consists of approximately fifty people to promote its approach to a customer service oriented process, utilizing departmental customer service representatives who act as debt management counselors while staffing an “800” toll free line.
- The Network Consolidation Program is similar to other types of loan consolidation, but emphasizes application requests being handled by its customer service representatives and sending a complete application/promissory note to the borrower instead of a blank form they must complete.
- Network Consolidation loans may be made up of all eligible loan types including Federal Guaranteed Student Loans and Federal Direct Student Loans. Loans consolidated by Network Consolidation remain federally guaranteed once the new consolidation loan is disbursed. For all new application requests a weighted average interest rate is used, rounding upward to the next 1/8th of a percent with a cap of 8.250%. This interest rate is then fixed for the term length of the consolidation loan.
- The term of a consolidation loan is dependent upon the eligible loans to be consolidated and the borrowers’ total educational debt inclusive of non-eligible loans. The maximum term for a consolidation loan is thirty (30) years. Numerous repayment options are available, including graduated and extended plans. Prepayment is allowed and encouraged and may greatly enhance an applicant’s ability to repay.
- Once a consolidation loan is approved, the borrower’s underlying loans are paid in full and new disbursements are made into separate accounts that consist of a subsidized and an unsubsidized consolidation loan. The total balance will determine the repayment term and installment amount of the monthly payment. This allows the borrower to retain the subsidy benefits on the underlying loans that were paid off and were originally subsidized. Consolidation, when used as a debt management tool, allows for greater flexibility in handling monthly payments. In addition, loan owners that participate in Network Consolidation find it is an excellent vehicle to retain student loan assets, increase portfolio size and improve margins.
- Network representatives are available to answer all inquires about consolidation. This form of counseling will allow the borrower to make decisions in their best interest regarding repayment options, which consolidation is given to existing loan benefits and options other than consolidation. A full understanding of how loan consolidation can benefit the borrower is a contributing factor in the low default rate of consolidation loans.

## Network Consolidation

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- Interactive Voice Response (IVR) available through the toll free number is operational essentially 24 hours a day.
- In addition, borrowers can now request a Network Application/Promissory Note, 24 hours a day, on-line at [www.aesSuccess.org](http://www.aesSuccess.org). By visiting the Consolidation section, a borrower can request an application that is completed on-line, download a brochure or view the list of lender participants, review program catalogs or review some question and answer scenarios as they relate to the loan consolidation product.
- Also, any questions on the Network Program can also be asked on-line at [network@aesSuccess.org](mailto:network@aesSuccess.org).

**Direct Line:** (717) 720-2900

**Toll Free Customer Service Number:**  
(800) 338-5000

**Interactive Voice Response (IVR):**  
**Monday-Saturday** Virtually 24 hours a day

**Hours of Operations:**  
**Monday-Friday** 8:00 a.m. – 7:00 p.m. (ET)

**Correspondence Address:** Network Consolidation  
P.O. Box 8134  
Harrisburg, PA 17105-8134

Network Brochure Packets available at the above number or are downloadable through [www.aesSuccess.org](http://www.aesSuccess.org)

## Graduate & Professional Services

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- Graduate & Professional Services (GPS) is responsible for servicing over 130 individual loan programs, including federal, consolidation and alternative products.
- GPS is responsible for answering incoming customer inquiries, whether they be received via telephone, electronic mail and mailed correspondence. GPS also includes a specialized group of senior staff members to respond to Lender inquiries directly. Additional teams within GPS specialize in Loan Origination, Loan Consolidation, Correspondence Processing, School Data Processing and Quality Assurance.
- In order to perform the diverse array of duties required in this department, new hire trainees receive an intense six week training session and all staff members receive refresher training on at least an annual basis. This department consists of approximately 125 individuals among the various teams, all of whom cross-train on the different teams to enhance their knowledge of industry practices and standards and to ensure comprehensive understanding of all loan servicing functions which is vital to answering customer calls.
- Without impairing performance standards, GPS responds to an average of 52,098 telephone calls per month with an average response time of 25 seconds and an abandon rate of less than 2%. The department currently completes approximately 11,550 pieces of lender, borrower, guarantor, and school correspondence on a monthly basis with an average turnaround time of 3-5 business days.
- GPS continually monitors the quality and accuracy of work performed to ensure the satisfaction of all our customers. As an innovator in the student loan industry, the staff of GPS is constantly developing new ways to create efficiencies within the department and to provide convenience for customers, both internal and external.

**Direct Line:** (717) 720-3500

**Toll Free Customer Service Number:** (800) 233-0557

**Hours of Operation:**

**Monday–Friday 8:00 a.m. – 8:30 p.m. (ET)**

**Correspondence Address:**

**American Education Services  
P.O. Box 2461  
Harrisburg, PA  
17105-2461**

**Correspondence Fax:**

**(717) 720-3931**

**Department e-mail:**

[aesgs@aesSuccess.org](mailto:aesgs@aesSuccess.org)

## Customer Services

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- Customer Service is the borrower's primary contact with American Education Services (AES). AES provides a toll free "800" telephone number and extended hours to ensure that borrowers have easy access to Customer Service.
- Our Interactive Voice Response (IVR) system responds to an average of 143,000 calls per month, for both FFELP and private loans. On any given day, approximately 160 Customer Service representatives answer an estimated 6,100 FFELP calls. The average speed of answer is approximately eighteen seconds and 100% of all calls received are answered.
- The IVR is an automated system which provides callers in a current status with the capability to utilize a touch-tone phone to quickly and easily access information regarding payments, deferments, forbearance, school enrollment and loan consolidation. The Voice Response System currently answers between 20-25% of all incoming calls.
- Equipped with the capability to identify callers in a delinquent status, the IVR system transfers the borrower to a customer service representative. Customer Service representatives are continuously monitored for quality and accuracy to ensure that every borrower who makes a telephone inquiry receives a prompt, courteous and professional response.
- In addition to answering inbound telephone calls, Customer Service loan counselors are cross-trained to process customer chats, e-mails, correspondence, forbearance and deferment forms. Customer Service also has two teams designated to lender and school issues and in-depth account research.

**Direct Line:** (717) 720-3100

**Toll Free Customer Service Number:** (800) 233-0557

**Hours of Operation:**  
**Monday–Friday** 8:00 a.m. – 12:00 a.m. (ET)

**Correspondence Address:** American Education Services  
P.O. Box 2461  
Harrisburg, PA 17105-2461

**Correspondence Fax:** (717) 720-3916

**Department e-mail:** [aescs@aesSuccess.org](mailto:aescs@aesSuccess.org)

## Account Services

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- The Account Services (AS) department is responsible for the servicing of Title IV Federal Loans ensuring full compliance of regulations and guidelines. To insure excellent work quality there is constant monitoring of work performance and a considerable emphasis is placed on personnel training.
- The Account Servicing department is organized into teams, which are responsible for processing different types of correspondence, based on the complexities of incoming work.
- Separation date and status changes comprise a large percentage of the department's work. The **status change process** was enhanced by passing raw data from guarantors through several edits that test for appropriate conditions and perform account adjustments as necessary. Accounts that do not meet any of the edit tests populate a computer system queue and are manually reviewed by processors for any necessary adjustment. The enhancement of this labor-intensive process not automates up to 90% of the 1.8 million status changes received monthly.
- Credit Disputes are filed at the local credit bureaus by our borrowers. The disputes are sent electronically to our office where they are reviewed and responded to within strict timeframes. Disputes researched as a result of incoming telephone calls are also reviewed and responded by this group.
- Important miscellaneous forms and requests are reviewed and processed as separate functions. Examples are:
  - Department of Defense Forms (DODs)
  - School correspondence
  - Death, Disability or Bankruptcy (DDB)
  - Social Security Number changes
  - Name Changes
  - Address Changes
- In addition, specific teams are responsible for the constant monitoring of work performance. A team reviews queues, including imaging queues on a daily basis to ensure the timely processing of accounts. Another team is dedicated to the quality assurance of all deferments and forbearances and other major work types.

## Account Services

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- In addition, specific teams are responsible for the constant monitoring of work performance. A team reviews queues, including imaging queues on a daily basis to ensure the timely processing of accounts. Another team is dedicated to the quality assurance of all deferments and forbearances and other major work types.
- The correspondence addressed to PO Box 2461 is opened, sorted, imaged and logged on to our system by the Records Management Department. The tasks are sent electronically to the department and/or team responsible for the processing of that document. Documents that require special handling or an original signature are immediately forwarded to the department for processing.

**Direct Line:** (717) 720-2323

**Correspondence Address:** American Education Services  
P.O. Box 2461  
Harrisburg, PA 17105-2461

**Correspondence Fax:** (717) 720-3927

## Asset Maintenance

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- Asset Maintenance performs collection activities and required “due diligence” on all delinquent loans serviced by AES. Department personnel are well versed in the requirements for all Title IV loan types including: Stafford (subsidized and unsubsidized), PLUS, SLS, Consolidation as well as many Alternative and Private Loan Programs we service.
- The collection staff, comprised of nearly 85 employees, presently generates approximately 300,000 outbound calls, 320,000 collection letters and 40,000 default aversion assistance requests per month.
- Collectors are assisted by a predictive auto dialer system (MOSAIX) which works in conjunction with the loan servicing systems. As loans become delinquent the loan servicing system creates work queues which are downloaded to the MOSAIX auto dialer. MOSAIX speed dials telephone numbers designated in the queues and identifies, connects, and sends calls to collection representatives. Current software enables MOSAIX to identify telephone answering machines and provides the ability to leave a message for the delinquent borrower.
- A quality assurance program instituted within Asset Maintenance constantly monitors due diligence (collection telephone calls completed by representatives, collection letters sent, and pre-claims filed) to ensure that we are in compliance with federal, guarantor and lender regulations and guidelines.
- Asset Maintenance has a dedicated team assisting our clients on collecting on loans in which the guarantee was lost and the claim cannot be paid by the Guarantor. Resolving a “cure” is an extensive effort, however, when successful, it results in reinstatement of the loan guarantee, or a claim payment from the guarantor. We utilize an experienced staff with a combination of regulation knowledge and collection skills that works diligently to regain guarantees. Many clients find our Cure Servicing a useful and valuable option. For information about Cure Services, or any other servicing responsibilities by Asset Maintenance, please contact your Portfolio Manager.

**Direct Line:** (717) 720-3150

**Hours of Operation:**

<b>Monday–Thursday</b>	<b>8:00 a.m. – 9:00 p.m. (ET)</b>
<b>Friday</b>	<b>8:00 a.m. – 6:00 p.m. (ET)</b>
<b>Saturday</b>	<b>8:00 a.m. – 2:00 p.m. (ET)</b>

**Correspondence Fax:** (717) 720-3921

**Department e-mail:** [assetmain@aesSuccess.org](mailto:assetmain@aesSuccess.org)

## Guarantor/Insurer Relations

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- Guarantor/Insurer Relations files claims to guarantors/insurers on behalf of our clients. This department is responsible for protecting client assets by filing complete and accurate claim packages. Claim filing generally occurs when a student's account reaches a predetermined delinquency level. Some other common reasons for which a claim may be filed are bankruptcy, death, disability, school closure, false certification and location cure claims. We are also responsible for reinsurance activities to initiate loans for cure, if deficiencies were created in the origination or servicing of the loan. In addition, we handle unpaid claim follow-up and the assessment of residual balances.
- Employees perform a variety of tasks that contribute to the overall success of the Guarantor/Insurer Relations Department. The majority of claims we file are federally insured (FFELP) loans, but we also file claims for various privately insured loan types. At present, we interact with more than 39 different guarantors. Approximately 3,800 claims are filed on a monthly basis, of which, about 95% are paid on the initial submission. When a claim is filed but not paid, we determine what precisely caused the servicing violation that resulted in the loss of guarantee. We then work with the appropriate operational departments in an attempt to diminish or eliminate the possibility of any recurrence of such a claim rejection in the future. The Guarantor/Insurer Relations Department must maintain compliance with federal, guarantor and private regulators, as well as, client contractual agreements when performing this analysis.
- The working environment in the Guarantor/Insurer Relations area is flexible enough to keep pace with federal regulations as well as those individual guarantors/private insurers. This was accomplished by creating specialized teams within the department. There are four teams in total: one team which files Title IV default claims and specialty claims, one team that files privately insured claims, one team which handles rejected claims, residual balance assessments, unpaid claims and claim cancellations and one team that quality assures the default claims. When dealing with such a large variety of guarantee agencies and private insurers, we find that there are many differences as well as commonalities in their policies and procedures. While each team has a primary function, many employees are cross-trained to assist other teams.

**Direct Line:** (717) 720-3300

**Hours of Operation:**  
Monday–Friday 8:00 a.m. – 5:00 p.m. (ET)

**Correspondence Fax:**  
(717) 720-3928 or (717) 720-3921

**Toll Free Fax Number:** (888) 229-5519

**Department e-mail:** [gir@aesSuccess.org](mailto:gir@aesSuccess.org)

## The eCommunications Center

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- The eCommunications Center was created in 2001 to assist customers utilizing the AES Education Planning websites. It has evolved into a unit that provides services and support to customers using nearly 50 unique websites including AES/PHEAA corporate sites as well as remote clients' and partners' sites. These websites address a wide variety of Student Loan issues from Planning through Application, Servicing, Consolidation and Payoff. In addition to assisting customers with any issue relating to their student loan, the eCommunications Center provides technical support for many of the websites.
- In support of Consolidation partners, the eCommunications Center provides outbound marketing contact and completes application creation as well as assisting individual customers through the consolidation process.
- The eCommunications Center is fully web-enabled and provides toll-free access, live online chat, VOIP, callback and email processing.

**Direct Line:** (717)-720-3100

**Toll-Free (AES):** (877)-603-6010

**Hours of Operation:**  
24 hours per day,  
7 days per week excluding major holidays

**Correspondence:** eCommunications Center  
1200 North 7th St  
Harrisburg, PA 17102

**Correspondence Fax:** (717)-720-2030

**E-mail address:** [ecomm@aessuccess.org](mailto:ecomm@aessuccess.org)

**E-Mail address for Consolidation:** [consolidate@aessuccess.org](mailto:consolidate@aessuccess.org)

## Business Support Group

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- American Education Services Business Support Group (BSG) provides a value-added service to our clients in the areas of asset management reporting, governmental reporting (LaRS, formerly ED Form 799) and statistical analysis. The Business Support Group focuses on providing information and technical expertise in these critical areas to meet the increasing demands of the student loan marketplace.
- The Business Support Group is comprised of the following departments: Accounting and Reconciliation Services, LaRS and Sale Services. Each of these departments consists of professional and experienced personnel who contribute to the delivery of problem resolution and portfolio reporting data. Accounting and Reconciliation Services provide accounting and technical support in resolving reconciliation and asset management reporting issues. The accounting staff provides initial and subsequent asset management reporting and reconciliation training to facilitate the client's reconciliation process. We encourage clients who are unfamiliar with our Asset Management Reporting Package to arrange for training through their portfolio manager. The LaRS/799 Group provides technical and business support to the ensure clients issues are addressed and resolved in a timely and accurate manner. The goal is to generate and deliver an accurate and timely ED Form 799 by utilizing a wide array of quality assurance processes.
- The results of the services provided by the Business Support Group directly correlate to a more efficient and effective asset management approach for our clients. A more detailed focus in resolving reconciliation issues and a quicker and more accurate delivery of the ED Form 799 will positively impact the overall profitability of our client student loan portfolios serviced at AES.

**Direct Line:** (717) 720-2750

**Hours of Operation:**  
**Monday-Friday 8:00am – 5:00pm (ET)**

**Correspondence Fax:** (717) 720-3905

## Conversion Check List

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1. Lender executes contract and forwards the contract to AES.
  - For portfolios with significant volume, Conversion Services requires the preparation and submission of copies of several files representing various loan programs and statuses contained in the impending conversion. A preliminary review of these files may identify areas of concern that can be addressed prior to the actual shipment of the portfolio and will also be used to determine conversion fees. Fee structures are discussed in the last paragraph (see page 5).
2. Lender and AES establish a mutually acceptable portfolio delivery date.
3. Establish a bank account (please consult with your Portfolio Manager for information).
4. Lender preparation of Preliminary Borrower Notification of Transfer letters for borrowers (see page 21).
5. Lender preparation of Final Borrower Notification Letter (mandatory see page 24).
6. Lender assembles loan files for conversion (see page 38).
7. Lender prints complete payment history and inserts into each loan file.
8. Lender completes Transmittals (see page 43).
9. Lender completes Conversion Information Form (see pages 48 & 49).
10. Lender mails Preliminary Notification of Transfer letter to all borrowers.
11. Lender delivers files to AES (see page 53).
12. AES begins the conversion process.

## *Conversion Check List*

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13. AES notifies lender of rejected accounts that cannot be accepted for conversion.
14. Lender acknowledges receipt of rejected accounts.
15. Lender sends Final Notification Letter to converting borrowers only.
16. AES converts loans.
17. Conversion reports are accessible through the use of Page Center.
18. AES sends a Liability Notations Report to lender.
19. AES sends borrowers a letter confirming transfer of servicing.
20. AES returns rejected loan files to lender.

## Conversion Schedule

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- This guide has been prepared to provide instruction on the preparation of loans being converted to AES. **It is imperative that the instructions outlined in this guide are followed to enable accurate and complete packaging of loan files for conversion.**
- Delays will be experienced if loans are improperly packaged. Loan files may be returned to the lender for repackaging or additional fees may be assessed if the procedures listed in this prep guide are not followed.
- The AES Conversion Department will assign a Supervisor and a staff associate to assist you in the conversion of your portfolio.
- Client Relations and Conversion staff will work with you to establish delivery dates and discuss the conversion schedule. The delivery date is critical to the timely conversion of your portfolio. Conversions are scheduled according to portfolio size and complexity. If you fail to deliver the portfolio on the scheduled date, we may have to reschedule the conversion. If you must change your delivery date while packaging and preparing your loans for conversion, please contact the Conversion Services Supervisor immediately.
- If you are working with a secondary market, they will be your primary contact. AES will be available to assist both of you in any way possible.
- When preparing your portfolio for conversion, please consider the following items:
  1. All contracts must be fully executed and copies must have been received by all parties.
  2. You must dedicate time and staff to conversion preparation.
  3. Preliminary Notification Letters are to be prepared and mailed to all borrowers.
  4. Final Notification Letters must be prepared and mailed to converting borrowers.
  5. Documents are to be retrieved and placed in folders.
  6. Payment histories must be generated and placed in each folder.
  7. A key to interpreting payment histories must be provided.
  8. Folders must be sorted and batched as described in this guide.
  9. Various forms will need to be completed as described in this guide.
  10. A blanket endorsement\*, if appropriate, must be provided with your shipment.
  11. Loan servicing must continue (including due diligence) until the conversion is complete.

\*A blanket endorsement is necessary when the account has been or is being purchased by a secondary market and each individual note is not endorsed.

## *Bank Clearing Account*

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- A bank clearing account owned by American Education Services handles the deposits and transfer of funds to and from an account designated by your institution.
  - The arrangements surrounding the transfer of funds and the timing of those transfers should be initiated with your Portfolio Manager. The transfer occurs manually with a check or through the Automated Clearing House (ACH). Your Portfolio Manager will discuss the eligibility requirements and options with you.
  - Prior to converting your portfolio and servicing your student loans, we ask that you provide the following information to your Portfolio Manager:
    1. The bank account number to which you would like the funds transferred.
    2. Requested frequency of transfer from the clearing account to your designated account.
- \* Questions concerning this process should be directed to your Portfolio Manager

## Preliminary Borrower Notification Letter(Optional)

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- We suggest that you send your borrowers a letter advising them that their loans may be sold or transferred. This is an excellent customer service tool because it reduces borrower confusion and inquiries.
- The Preliminary Borrower Notification Letter is the first step in your conversion preparation process.
- Included are sample Preliminary Borrower Notification Letters which you are welcome to use. You may wish to include your legal counsel in this process to insure that specific federal requirements for verbiage are met. The sample letters provided were not reviewed or approved by the guarantor(s).
- When preparing and sending the letter:
  - The letter must be on your institution's letterhead.  
*(Tip: many Clients type the letter on blank stock and photocopy onto letterhead)*
  - The letter should be signed by the student loan officer or another designated officer at your institution. Each letter does not require an original signature.
  - The letter should be sent to the borrower's most recent address as documented in the borrower's loan file.
  - The letter can simply begin with "Dear Borrower" or similar heading and it does not need to be customized with each borrower's name and address.
  - *The letter should be mailed to all borrowers within ten (10) days prior to your confirmed delivery date.* This allows time for the letters to reach the borrower prior to the actual conversion date.

## Preliminary Notification Letter

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### Sample Letter #1 - Lender Conversion to AES for Servicing

Dear Borrower:

First, thank you for allowing us to support your higher education endeavors. **Client Name** has appreciated the opportunity to provide quality student loan Access to you, our customers and our community.

To enhance the delivery of your student loans, we've partnered with American Education Services in Harrisburg, Pennsylvania to completely manage all of your student loan processing.

AES has successfully provided efficient and responsive customer service to Millions of customers nationwide so we are delighted to enter into an agreement to utilize their services for your higher education needs.

Presently, we are in the process of transferring student loan processing to AES. To prepare for the upcoming transfer, we've highlighted some important information for your review:

1. All activity relating to your student loan(s) such as loan payment, inquiries and information requests will be reassigned to AES for handling
2. All loan payments will need to be made by check until the transfer is completed  
(Note: Payments currently made by electronic debit from your account will temporarily be suspended until you receive an application from AES to activate this service)
3. Billing information will be provided by AES to explain where to forward your payments

We will inform you when the actual transfer takes place and when your loan will Be transferred to the AES for servicing. This notice will provide more detailed information to ensure a smooth data exchange to AES.

We sincerely appreciate your patience and understanding as temporary service delays may occur during the transitional period.

Thank you again for allowing us to serve you and we look forward to meeting your future financial needs.

## Preliminary Borrower Notification Letter

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### Sample Letter #1A - Lender Sale to Secondary Market and Subsequent Conversion to AES for Servicing

Dear Borrower:

First, thank you for allowing us to support your higher education endeavors. **Client Name** has appreciated the opportunity to provide quality student loan Access to you, our customers and our community.

To enhance the delivery of your student loans, we've partnered with American Education Services in Harrisburg, Pennsylvania to completely manage all of your student loan processing.

AES has successfully provided efficient and responsive customer service to Millions of customers nationwide so we are delighted to enter into an agreement to utilize their services for your higher education needs.

Presently, we are in the process of transferring student loan processing to AES. To prepare for the upcoming transfer, we've highlighted some important information for your review:

1. All activity relating to your student loan(s) such as loan payment, inquiries and information requests will be reassigned to AES for handling.
2. All loan payments will need to be made by check until the transfer is completed. (Note: Payments currently made by electronic debit from your account will temporarily be suspended until you receive an application from AES to activate this service)
3. Billing information will be provided by AES to explain where to forward your payments.

We will inform you when the actual transfer takes place and when your loan will Be transferred to the AES for servicing. This notice will provide more detailed information to ensure a smooth data exchange to AES.

We sincerely appreciate your patience and understanding as temporary service delays may occur during the transitional period.

Thank you again for allowing us to serve you and we look forward to meeting your future financial needs.

## *Final Borrower Notification Letter (Mandatory)*

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- A Final Borrower Notification Letter **must** be sent to each borrower regarding the servicing transfer of the student loan. You should be prepared to send this letter approximately five to seven days prior to the established conversion date.
  - Remember that the conversion date is not the delivery date of your files to our office, but the date on which your loans are converted to the AES servicing system.
  - The following pages provide examples of a Final Borrower Notification Letter which you are welcome to use. The letters should be prepared and mailed to each borrower whose loans you are converting to AES. When preparing and sending the letters consider the following items.
    - The letter must be on your institution's letterhead.  
(Tip: many lenders type the letter on blank stock and photocopy onto letterhead)
    - The letter should be signed by the student loan officer or another designated officer at your institution. Each letter does not require an original signature. The signature may be a photocopy or stamp.
    - The letter should be sent to the borrower's most recent address as documented in the borrower's loan file.
    - The letter can begin with "Dear Borrower" or similar heading. The letter does not need to be customized with each borrower's name and address.
    - The letter should be mailed only to those borrowers whose loans have been accepted for conversions.
- \* THIS LETTER IS REQUIRED FOR ALL LOAN SALES OR TRANSFER OF SERVICING.

## Final Borrower Notification Letter

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### Sample Letter #2 - Lender Conversion to AES for Servicing

Dear Borrower:

Thank you for allowing **Client Name** to provide quality student loan access to you, Our customers and our community.

We are providing this letter to inform you that your student loan will be transferred To American Education Services in Harrisburg, Pennsylvania for servicing. All Inquiries concerning your student loan(s) should now be directed to AES including all loan payments and requests for loan information.

We will continue to be your lending institution for your loan(s); however, AES will Now be performing all loan servicing activities. When the transfer has been completed, please use the following information:

Please call the AES for Loan  
Questions & Information:

1-800-233-0557

Please send all payments to:

American Education Service  
Harrisburg, PA 17130-0001

For CHECKS:

DO NOT USE your Coupon Book  
Wait for your Monthly Bill from AES

For EFT:

Payments will be TEMPORARILY SUSPENDED  
Wait for your Monthly Bill from AES  
(An EFT Application will be sent to continue this  
service)

Please address/send all Correspondence to: American Education Service  
P.O. Box 2461  
Harrisburg, PA 17105-2461

**Within 10 days**, AES will contact you when the transfer has been completed.

During the first 5-7 days after the transfer, payments must be manually posted and transferred. If you made a payment recently, please disregard any initial "Past Due" notice or telephone calls you may receive from AES.

Thank you again for allowing us to serve you and we greatly appreciate your patience.

## Final Borrower Notification Letter

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### Sample Letter #2A - Lender Sale to Secondary Market and Subsequent Transfer to AES for Servicing

Dear Borrower:

Thank you for allowing **Secondary Market Name** to provide quality student loan access to you, our customers and our community.

We are providing this letter to inform you that your student loan will be transferred to American Education Services in Harrisburg, Pennsylvania for servicing. All inquiries concerning your student loan(s) should now be directed to AES including all loan payments and requests for loan information.

We will continue to be your lending institution for your loan(s), however, AES will now be performing all loan servicing activities. When the transfer has been completed, please use the following information:

Please call the AES for Loan  
Questions & Information:

1-800-233-0557

Please send all payments to:

American Education Services  
Harrisburg, PA 17130-0001

For CHECKS:

DO NOT USE your Coupon Book  
Wait for your Monthly Bill from AES

For EFT:

Payments will be TEMPORARILY SUSPENDED  
Wait for your Monthly Bill from AES  
(An EFT Application will be sent to continue this  
service)

Please address/send all  
Correspondence to:

American Education Services  
P.O. Box 2461  
Harrisburg, PA 17105-2461

## Final Borrower Notification Letter

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### Sample Letter #2A - Lender Sale to Secondary Market and Subsequent Transfer to AES for Servicing

**Within 10 days**, AES will contact you when the transfer has been completed. If for any reason it becomes necessary to contact us or **(Secondary Market Name)**, please refer to the addresses listed below:

<b>BANK NAME</b>	<b>SECONDARY MARKET NAME</b>
Address	Address
Address	Address
Telephone #	Telephone #

Thank you again for allowing us to serve you and we greatly appreciate your support.

# AES Conversion Letter

## Sent From AES to Borrowers Following Acceptance of Loans/Conversion

American Education Services  
P.O. Box 2461 - Harrisburg, PA 17105-2461  
1-800-233-0557  
Fax 717-720-3916 - International 717-720-3100  
[www.aesSuccess.org](http://www.aesSuccess.org)

Dear Borrower,

We are pleased to inform you that American Education Services will be servicing the following student loan(s) on behalf of **Client Name** beginning **Date**. AES did not purchase your loan(s); **Client Name** remains the owner.

LOAN PROGRAM	CURRENT OWNER	1ST DISB DATE	PRINCIPAL BALANCE	LOAN STATUS
XXXXXXXX	XXXXXXXX	XX/XX/XX	XXXXXXXX	XXXXXXXX

We have taken special measures to assure the transfer of servicing responsibility for your loan(s) does not result in any inconvenience to you. If you experience minor delays in billing, payment posting, etc. please bear with us. You will be assessed no fees or penalties.

Please be aware of the following changes:

AES is now the primary contact for your existing loans and will be performing all activities for your **XXXXXXXXXX** student loans.

Effective immediately, please make all payments and direct all questions and Correspondence to AES. Please include your account number with all your payments and return the billing statement sent to you by AES along with your check.

**The address for payments is: The address for correspondence is:**

American Education Services Harrisburg, PA 17130-0001	American Education Services P.O. Box 2461 Harrisburg, PA 17105-2461
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AES is dedicated to helping you manage your education loans with ease. Visit us Online at [www.aesSuccess.org](http://www.aesSuccess.org) to access and update account information, make Payments on-line and view the many resources that AES has to offer.

## *AES Conversion Letter*

---

### ***Sent From AES to Borrowers Following Acceptance of Loans/Conversion***

If you currently have a coupon book, you should not utilize the coupons to make your payments. You will receive billing statements from AES. To ensure timely processing of payments, include the AES bill when you make your payments.

Enclosed you will find a Direct Debit Authorization Form. If you would like to have your payments automatically deducted from your bank account each month, simply fill out the bottom section of the form and return it in the enclosed envelope. Until this form is received and processed by our office, you will continue to receive bills. We appreciate your patience and understanding regarding this matter.

Please notify us immediately if your name, address, or enrollment status changes, or if the current status of your loan(s) listed above is incorrect. If you have any questions or need additional information, you may contact AES Customer Service and a counselor will be happy to assist you.

AES assigns a unique account numbers as an alternative to your social security number, which will be used on most correspondence, sent to you. Please utilize this unique number on correspondence and payments sent to AES.

Sincerely,

Conversion Services

# AES Conversion Sale Letter

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American Education Services  
P.O. Box 2461 - Harrisburg, PA 17105-2461  
1-800-233-0557  
Fax 717-720-3916 - International 717-720-3100  
[www.aesSuccess.org](http://www.aesSuccess.org)

Dear Borrower,

American Education Services would like to inform you that your educational loan(s), referenced below, were recently purchased by **Client Name**. AES will be servicing the following loan(s) on behalf of **Client Name** beginning on **Date**.

LOAN PROGRAM	CURRENT OWNER	1ST DISB DATE	PRINCIPAL BALANCE	LOAN STATUS
XXXXXXXX	XXXXXXXX	XX/XX/XX	XXXXXXXX	XXXXXXXX

We have taken special measures to assure the transfer of servicing responsibility for your loan(s) does not result in any inconvenience to you. If you experience minor delays in billing, payment posting, etc. please bear with us. You will be assessed no fees or penalties.

Please be aware of the following changes:

AES is now the primary contact for your existing loans and will be performing all activities for your **XXXXXXXXXX** student loans.

Effective immediately, please make all payments and direct all questions and correspondence to AES. Please include your account number with all your payments and return the billing statement sent to you by AES along with your check.

***The address for payments is:***

American Education Services  
Harrisburg, PA 17130-0001

***The address for correspondence is:***

American Education Services  
P.O. Box 2461  
Harrisburg, PA 17105-2461

## *AES Conversion Sale Letter*

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The toll free customer service number is 1-800-233-0557. Our operating hours are Monday through Friday from 8:00 a.m. to 12:00 a.m., Eastern Time. The most convenient time to call our Customer Service Department is from 9:00 a.m. to 4:00 p.m., Monday through Friday.

If you currently have a coupon book, you should not utilize the coupons to make your payments. You will receive billing statements from AES. To ensure timely processing of payments, include your AES bill when you make your payments.

AES is dedicated to helping you manage your education loans with ease. Visit us online at [www.aesSuccess.org](http://www.aesSuccess.org) to access and update account information, make payments on-line, and view the many resources that AES has to offer.

Enclosed you will find a Direct Debit Authorization Form. If you would like to have your payments automatically deducted from your bank account each month, simply fill out the bottom section of the form and return it in the enclosed envelope. Until this form is received and processed by our office, you will continue to receive bills and payments for these bills.

We appreciate your patience and understanding regarding this matter.

Please notify us immediately if your name, address, or enrollment status changes, or if the current status of your loan(s) listed above is incorrect. If you have any questions or need additional information, you may contact AES Customer Service and a counselor will be happy to assist you.

Sincerely,

Conversion Services

## AES Conversion Transfer of Loans

American Education Services  
P.O. Box 2461 - Harrisburg, PA 17105-2461  
1-800-233-0557  
Fax 717-720-3916 - International 717-720-3100  
[www.aesSuccess.org](http://www.aesSuccess.org)

Dear Borrower,

**Client Name** appreciates the opportunity to assist in providing student loan(s) to you. To enhance the servicing of your loan, **Client Name** contracted American Education Services (AES) to service your loan(s).

The following loan(s) transferred to AES for servicing:

LOAN PROGRAM	CURRENT OWNER	1ST DISB DATE	PRINCIPAL BALANCE	LOAN STATUS
XXXXXX	XXXXXX	XX/XX/XX	XXXXXX	XXXXXX

We have taken special measures to assure the transfer of servicing responsibility for your loan(s) does not result in any inconvenience to you. During this transition period, we sincerely appreciate your patience and understanding if temporary service delays occur. You will not be assessed fees or penalties.

Please be aware of the following changes:

AES is now the primary contact for your existing loans and will be performing all activities for your **Client Name** loan(s).

Payments currently made by electronic debit from your account will be temporarily suspended until you complete a new application form provided by AES to reactivate this service.

Effective immediately, please make all payments and direct all questions and correspondence to AES. Please provide your account reference number when submitting information to AES.

***The address for payments is:  
correspondence is:***

American Education Services  
Harrisburg, PA 17130-0001

***The address for***

American Education Services  
P.O. Box 2461  
Harrisburg, PA 17105-2461

## *AES Conversion Transfer of Loans*

---

Questions should be directed to AES Customer Service at 1-800-233-0557 between the hours of 8:00 a.m. and 12:00 a.m., Eastern Time, Monday through Friday. The most convenient time to call our Customer Service Department is between 9:00 a.m. and 4:00 a.m.

If you currently have a coupon book, you should not utilize the coupons to make your payments. You will receive billing statements from AES. To ensure timely processing, please remit your billing statement with your payment.

Please notify us immediately using the toll free number indicated above for name, address, or enrollment status changes, or if the current status of your loan(s) listed above is incorrect.

AES is dedicated to helping you manage your education loans with ease. Visit us online at [www.aesSuccess.org](http://www.aesSuccess.org) to access and update account information, make payments on-line, and view the many resources that AES has to offer.

Enclosed you will find a Direct Debit Authorization Form. If you would like to have your payments automatically deducted from your bank account each month, simply fill out the bottom section of the form and return it in the enclosed envelope. Until this form is received and processed by our office, please submit your monthly payment by check or access [www.aesSuccess.org](http://www.aesSuccess.org) and utilize our on-line payment service. We appreciate your patience and understanding regarding this matter.

American Education Services

## AES Transfer Servicing Letter

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American Education Services  
P.O. Box 2461 - Harrisburg, PA 17105-2461  
1-800-233-0557  
Fax 717-720-3916 - International 717-720-3100  
[www.aesSuccess.org](http://www.aesSuccess.org)

Dear Borrower,

We are pleased to inform you that the American Education Services will be servicing the following student loan disbursement(s) beginning **Date**. AES did not purchase your student loan disbursement(s), the client referenced below remains the owner.

LOAN PROGRAM	CURRENT OWNER	1ST DISB DATE	PRINCIPAL BALANCE	LOAN STATUS
XXXXXX	XXXXXX	XX/XX/XX	XXXXXX	XXXXXX

If you anticipate difficulty remitting payments, you may contact us at the address, telephone number, or website shown above for information on repayment options such as Income Sensitive Repayment, Graduated Repayment, or a 25-year extended repayment period.

Please note, this transition will take place with no additional responsibility by you. If your name, address, or enrollment status should change, please notify our office at your earliest convenience so we may update your account with the most accurate information.

AES is dedicated to helping you manage your education loans with ease. Visit us online at [www.aesSuccess.org](http://www.aesSuccess.org) to access and update account information, make payments on-line, and view the many resources AES has to offer.

Sincerely,

Conversion Services

## Identifying Eligible Loans

---

The first step in preparing your portfolio for conversion will be to identify eligible loans. Loans must fit into one of the following categories in order for them to be eligible for servicing at AES. Eligibility criteria are outlined below. If your portfolio consists of other loan types, please contact your designated Conversion Supervisor.

### Stafford Subsidized and Unsubsidized Interim (In-school or Grace Period)

- Stafford Subsidized and Unsubsidized Repayment
- Stafford Subsidized and Unsubsidized Deferment or Forbearance
- SLS
- PLUS
- Consolidation
- HEAL
- Non Title IV Loans

Private Loan Programs (This covers a wide spectrum. Please contact Portfolio Manager and/or Department Manager to discuss the type of Private loan)

Additionally:

- **All loans must be fully disbursed prior to conversion.** American Education Services does not accept partially disbursed loans.
- A delinquency tolerance will be established in your contract. Please do not send loans that exceed the delinquency tolerance.
- Loans cannot be converted which are in a cure or claim submitted status, unless such provisions are established in your contract.

If you are unsure about whether a loan meets the requirements or have other questions, please contact your Conversion Services Supervisor.

## *Electronic Transmission or Tape Conversion*

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- Conversion Services has the capacity to receive conversion-related information through magnetic tape or electronic transmission in addition to a manual format, which is also outlined in this guide. We also have the ability to process student loan information for loans originated from an external source such as a guarantor, servicer, or lender.
- Our capacity to convert a portfolio by way of tape or electronic transmission primarily depends upon the amount of information provided in the format. Borrower loan files should arrive in our office on the same date as the tape or transmission. A post conversion note examination is available with a tape or transmission conversion, to facilitate the time required to convert the portfolio. We recommend tape or electronic conversions for medium to large portfolios. If you are interested in pursuing a tape or electronic conversion, please contact your Portfolio Manager or Conversion Services Supervisor.

## *Planning an Electronic Transmission or Tape Conversion*

---

1. Complete the American Education Services/Conversion Information Form. (see pages 48 & 49)
2. Your Portfolio Manager will assist in the completion of the Institutional Demographic Worksheet.
3. Designate technical support from your information systems department as well as operational contacts to coordinate the testing phase of the conversion. American Education Services personnel will also be involved in the testing process.
4. A complete list of the operational and information system contacts will be provided.
5. AES will appoint a coordinator to facilitate communications during the conversion. This individual will be the primary contact on the operations side of the conversion.
6. We will request a complete copy of the data file and data dictionary explaining each field represented on your tape or transmission. This request usually comes once a contractual agreement is signed.
7. American Education Services can receive your test data through a transmission. If the transmission option is utilized, additional information will be requested as necessary.
8. Paper file samples will be requested to ensure the validity of the data. The Portfolio Manager or Conversion Supervisor will inform you of the required documentation when necessary.
9. If your portfolio is a private loan portfolio, an interest rate history will be necessary prior to testing.
10. A time frame and schedule for the conversion will be agreed upon once data testing is complete.
11. A mutually agreed upon conversion schedule and plan will be established.
12. Details will be defined concerning packaging and delivery of borrower files.
13. File delivery will coincide with the delivery of the initial conversion tape or electronic transmission. (If the conversion is of a larger volume, a file delivery schedule will be mutually developed)

## *Assembling the Documentation in the Folders*

---

All documentation should be packaged in a single 8 ½" x 11" file folder for each borrower. Each file should be labeled on the tab with the borrower's Social Security Number and Name. Organize the borrower file per the sections listed below:

### Section 1: Individual Loan Packages

Each individual loan should have the following in the order listed:

- A. Application/Promissory Note
  - Any addendum to the Promissory Note(s)
  - Application Supplements and/or Correction Form
  - Statement of Borrowers Rights and Responsibilities
  - Disclosure and Guarantee Statement
  - Proof of disbursement
  - Include any cancellations and refunds

The above Loan Package should be created for each individual loan in the file. These Loan packages should then be placed in chronological order with the earliest first.

### Section 2: Repayment and Status Change Information

- A. All repayment disclosures and repayment obligations.
- B. Complete payment history from 1st disbursement to 1st Tier cut-off date or 2nd Tier cut-off.
- C. Proof of due diligence if the loan was ever delinquent.
- D. All Student Enrollment Information in chronological order:
  - Guarantor Runs
  - School Certification of Enrollment
  - Graduation, Withdrawal or Less than Half-time Enrollment notices
- E. All approved Deferments and Forbearances:
  - Include any documentation that certifies eligibility for deferments or forbearances.
  - If forms do not provide exact dates of approval or forms are missing, be sure to include the specific dates each deferment or forbearance was granted.
- F. Borrower's most current address and the date this address was last verified.
- G. If a secondary market is purchasing the account, a Blanket Endorsement must be enclosed in each folder. (Otherwise, each note must be individually assigned) Also, a copy of the Borrower Notification of Sale Letter must be in each folder.
- H. Credit Report if loan program requires.

## *One Tier Conversions*

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If a lender is operationally unable to meet Two-Tier Conversion requirements or if the conversion is completed by tape or electronic transmission, a One-Tier Conversion may be arranged.

Follow the procedures for the 1st Tier on page 40. However, in a One-Tier Conversion all financial activity must cease at the 1st Tier cut-off date established by you and the Conversion staff.

Any payments received after this 1st Tier cut-off date should be listed on a Payment Routing Form (see pages 57 and 58) and forwarded to AES

## Two Tier Conversion Instructions

---

The Two-Tier Conversion is the preferred method for converting most larger portfolios. This process institutes immediate communication with borrowers and informs them of the transition in the servicing of their loans. By sending information in two stages future customer service issues are minimized.

### **1st Tier Procedures:**

1. In consulting with Conversion Services staff, establish a 1st Tier cut-off date.
2. Print out current pay histories reflecting the account balance on the 1st Tier date.
3. Complete transmittals with the information reflecting the accounts' status(es) as of the 1<sup>st</sup> Tier date. (see pages 43-47 for specific instructions on completing the transmittals)
4. Ship files immediately upon completion of the above.

When files are received by AES, we will complete a review of each folder and place all information on our system. After this has been completed, Conversion staff will help to establish a 2nd Tier cut-off date. This 2nd Tier cut-off date will be the date when accounts are removed from your system and closed to any further financial activity.

***It is extremely important that the lender continue to maintain all system activity on the portfolio up until the 2nd Tier cut-off date. The lender must continue support activity through this time frame to assure the account is properly maintained prior to conversion to AES.***

### **2nd Tier Procedures:**

1. Review Liability Notations with Conversion Services staff to identify any accounts that may need additional information or corrections in order to be converted to the AES system at this time (see page 56 for more information concerning Liability Notation Report).
2. In consulting with the Conversion Services staff, establish a 2nd Tier cut-off date.
3. Print out current pay histories reflecting the account balance on the 2nd Tier cut-off date.

## *Two Tier Conversion Instructions*

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4. Complete transmittals with the information reflecting the accounts' status (es) as of the 2nd Tier cut-off date.
  - These transmittals should duplicate the order and content of the 1<sup>st</sup> Tier.
  - No borrowers should be removed from the transmittal. If for any reason a borrower is to be omitted from the conversion, simply cross these borrowers off.
  - No new disbursements should be added.
  - Make a copy of the new transmittal sheets for your records  
Payments received after your 2nd Tier cut-off date should be listed on a payment routing form. (see pages 57)

---

# Transmittal insert



## Transmittal Preparation

When the folders are prepared and properly sorted, the next step is to complete the Loan Transmittal Summary Forms. Transmittals provide you and AES with a permanent record of the accounts you have submitted for conversion. The folders contain the source documents you will use to complete the transmittal forms. All data on the forms must correspond to the information in the folders.

Each transmittal may be utilized to list information for various loan types. For borrowers with multiple loans, each loan type must be itemized separately on the transmittal with its corresponding principal balance. For example, if a borrower has three loans, a Stafford, an unsubsidized Stafford and a SLS, each may be listed on a single transmittal, but they must be itemized as individual loans with their own principal balances.

### **For conversions which include loans in repayment status:**

Your conversion is mostly likely being processed utilizing the “Two Tier Conversion” explained on page 40 and 41. To make transmittal preparation easier we suggest you complete items 1-4 on your first set of transmittals and photocopy them. The photocopies will eliminate rewriting for items 1-4 when you provide updated loan information for the 2nd Tier cut-off date.

After completing the initial transmittal items, complete items 5-14 including the bottom of the form and total the number of borrowers, principal balance and the interest on an account level. Enter these totals in the appropriate spaces on the form. Sign and date the form and secure it with rubber bands on top of the corresponding batch of folders. Repeat this process until all folders are batched and all batches have corresponding transmittals. AES will complete the information for item 15 and reconcile it against the totals provided in item 14.

An explanation of each transmittal headings follows. If you require further explanation of these items, please contact your Conversion Supervisor. Please print or type all information on the transmittals.

1. **Loan Type:** Complete with one of the following codes for each loan listed:

MS=	Master Prom Note Stafford
MU=	Master Prom Note Unstafford
MP=	Mater Prom Note PLUS
ST=	Stafford
UN=	Unstafford
PL=	PLUS
SL=	SLS
CN=	Consolidation
PR=	Private

## Transmittal Preparation

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2. **S/A: Serial. A= Annual** Populate with an “S” to indicate a Serial Master Prom Note or an “A” for an Annual Master Prom Note.
3. **MPN Expiration Date:** Populate with the expiration date for any Serial Master Prom Notes listed.
4. **Social Security #:** Borrower’s Social Security Number. **Do not use a lender account number, other than the borrower’s Social Security Number.**
5. **Borrower’s Name:** The borrower’s name (Last, First, Middle Initial). If the borrower's name has changed, list the previous name in parenthesis.
6. **Separation Date:** This is the borrower's anticipated or actual graduation date taken from the most recent source of information, such as loan application or status verification.
7. **Principal Balance:** Populate with the current principal balance reflected on the current pay history.
8. **Date Interest Satisfied:** The date through which interest has been satisfied for each loan listed.
9. **Interest Amount:** The dollar amount of any accrued interest between the date interest was last satisfied through “1st Tier date or 2nd Tier cut-off date”.
10. **Interest Cut-off Date:** The 1st Tier date or 2nd Tier cut-off date that was established by you and the Conversion staff.
11. **Date Next Pay Due:** This field reflects the date the borrower’s next delinquent payment is due.
12. **Partial Amount Paid:** If the amount of the payment which the borrower last made does not equal a full installment amount, enter the amount paid.
13. **Late Fees Outstanding:** This field should contain the dollar amount of the late fees which are outstanding and owed by the borrower. Lenders may opt to waive late fees for the entire portfolio. If such is the case leave field blank and populate the Late Fee Waived Thru date.
14. **Max Interest Remaining:** Interest amount remaining for Rule of 78 loans.

- 15. Lender Totals:** The total number of accounts/borrowers, loans, amount of principal, interest and late fees.
- 16. AES Totals:** The total number of accounts/borrowers, loans, amount of principal, interest and late fees which has calculated based on the documentation received from the lender. AES will attempt to reconcile the totals calculated against the Lender Totals provided.

### Loan Transmittal Summary

**Batch \_\_\_\_ of \_\_\_\_:** The number of the batch to which the transmittal will be attached and the total number of batches to be shipped.

- **1st Tier Date:** The date established by you and the Conversion Services staff for the 1st Tier.
- **Guarantor:** List all guarantors contained in the grouping of loans listed on this transmittal.
- **2nd Tier:** The date established by you and the Conversion staff for the 2nd Tier cut-off date. (Leave blank when submitting the 1st Tier Transmittal).
- **Subsidized Interest Last Billed:** This should reflect the actual date that subsidized interest was billed to the Department of Education (DOE).
- **Late Fee Waived Thru Date:** If the lender has opted to waive late fees for the entire portfolio, indicate the date fees are waived through.

The AES Loan Transmittal Summary form enclosed is a master form.

# AES Conversion Information Form

(SUBMIT THIS FORM TO YOUR PORTFOLIO MANAGER)

OWNER or PURCHASER NAME \_\_\_\_\_

OWNER OE CODE \_\_\_\_\_

SELLER NAME \_\_\_\_\_

SELLER OE CODE \_\_\_\_\_

CONTACT PERSON \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

TOTAL NUMBER OF BOXES \_\_\_\_\_

NUMBER OF BORROWERS TO BE CONVERTED \_\_\_\_\_

NUMBER OF LOANS TO BE CONVERTED \_\_\_\_\_

TOTAL PRINCIPAL TO BE CONVERTED \$ \_\_\_\_\_

BANK CUT-OFF DATE \_\_\_\_\_

PURCHASE DATE \_\_\_\_\_

BORROWER INTEREST TO BE CONVERTED \$ \_\_\_\_\_

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## INFORMATION REQUIRED FOR 799 SUBMISSION

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1) GOVERNMENT INTEREST DATE LAST BILLED Date: \_\_\_\_\_

2) GOVERNMENT INTEREST BILLING START DATE (*CHECK ONLY ONE*) Date: \_\_\_\_\_

Beginning of current quarter.

One day after Lender/prior Servicer system cutoff date.

3) SPECIAL ALLOWANCE LAST BILLED

Date: \_\_\_\_\_

4) SPECIAL ALLOWANCE BILLING START DATE (*CHECK ONLY ONE*)

Date: \_\_\_\_\_

Beginning of current quarter.

One day after Lender/prior Servicer system cutoff date.

See origination fee reporting information on next page.

# AES Conversion Information Form

## INFORMATION REQUIRED FOR 799 SUBMISSION (Con't)

HAVE ORIGINATION FEES BEEN REPORTED BY CLIENT/ PRIOR SERVICER FOR LOANS DISBURSED BY CLIENT? YES \_\_\_\_\_ NO \_\_\_\_\_

### Compass Origination Fee Reporting:

Internal Code	Reporting prior to effective conversion date	Reporting after effective conversion date	Check One
R	Report Origination Fees = Yes Report Cancellations = Yes	Report Origination Fees = Yes Report Cancellation = Yes	
C	Report Origination Fees = No Report Cancellation = Yes	Report Origination Fees = No Report Cancellations = Yes	
F	Report Origination Fees = No Report Cancellations = Yes	Report Origination Fees = Yes Report Cancellations = Yes	

\* Please check your desired Origination Fee conversion option above.

WHO PACKAGED THE LOANS *(check one)*?

CURRENT OWNER \_\_\_\_\_ PREVIOUS OWNER \_\_\_\_\_  
PREVIOUS SERVICER \_\_\_\_\_ AES SLSC \_\_\_\_\_

IS WRITTEN KEY TO READING TRANSMITTALS ATTACHED? YES\_\_\_ NO\_\_\_  
 IS WRITTEN KEY TO READING PAYMENT HISTORIES ATTACHED? YES\_\_\_ NO\_\_\_  
 ARE LATE FEES ASSESSED BY YOUR INSTITUTION? YES\_\_\_ NO\_\_\_  
 IF YES, DO YOU WANT AES TO CONVERT THESE FEES? YES\_\_\_ NO\_\_\_  
 HAVE YOU ORGANIZED YOUR BORROWER FILES ACCORDING TO THE PORTFOLIO PREPARATION GUIDE TO AVOID POSSIBLE CONVERSION FEES? YES\_\_\_ NO\_\_\_

IF YOU HAVE ANY SPECIAL INSTRUCTIONS OR REQUEST, PLEASE ATTACH ANY ADDITIONAL INFORMATION AS APPROPRIATE.

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
(AUTHORIZED LENDER OFFICIAL)

### Internal use only: (Required for conversion)

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
(AES PORTFOLIO MANAGER)

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
(AES BUSINESS SUPPORT GROUP)



## Conversion Information Form Instructions

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After all transmittals have been completed, prepare the Conversion Information Form. This form summarizes totals and characteristics of the **entire** portfolio. Include a copy in each box shipped.

**Owner Name:** The name of the lender shipping the files to AES. In the case of a secondary market purchase, the buyer's name appears here.

**Owner OE Code:** All lenders should use the assigned Department of Education owner code.

**Seller:** In the case of a secondary market transaction, this should be the name of the selling institution.

**Seller OE Code:** All lenders should use the assigned Department of Education owner code.

**Contact Person:** Primary individual to be contacted for any issues that arise during the conversion process.

**Address:** Address of institution that is selling or transferring the service of their loans.

**Phone and Fax Number:** Contact numbers for the above listed individual.

**Total Number of Boxes:** Indicate the total number of boxes being shipped to AES.

**Number of Borrowers to be Converted:** The total number of borrowers to be converted.

**Number of Loans to be Converted:** The total number of loans to be converted.

**Total Principal to be Converted:** The total outstanding principal only.

**Bank Cut-off Date:** This is the date through which interest is accrued prior to converting the loans.

# Conversion Information Form

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## Instructions

- Purchase Date:** To be completed for secondary market transactions **ONLY**. The date on which the loans are to be purchased. The purchase date is always the day after the bank cut-off date.
- Borrower Interest to be Converted:** This figure summarizes all outstanding borrower interest per status and guarantor.
- Gov't Interest** **Please note, AES will begin reporting as the effective date of your portfolio conversion.**
- Special Allowance Last Billed** **Please note, AES will begin reporting as the effective date of your portfolio conversion.**
- Have Origination Fees Been Reported?** Please indicate YES if origination fees have been reported. indicate NO if you expect AES to report them.
- Compass Origination Fee Reporting** Please contact the AES Business Support Group when determining your response.
- Who Packaged the Loan Files?** Please select the appropriate response.
- Key to reading Transmittals attached?** A key is required unless you are using AES transmittals.
- Key to reading payment histories attached?** A key is required unless you are using AES transmittals.

## Conversion Information Form

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### Instructions

**Are late fees charged by your institution?** Please select the appropriate response.

**Should AES convert late fees?** Please select the appropriate response.

**Special Instruction:** If there is any additional information that might make your accounts easier to understand and process please attach an additional sheet.

**Signed:** This signature indicates the form has been reviewed and is accurate. The person that signs this form need **NOT** be the lender's representative identified on the transmittals.

**Date:** Enter the date the shipment leaves your institution.

**Portfolio Cover Sheet**

**NAME OF SELLER:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**CONTACT PERSON:** \_\_\_\_\_

**PHONE NUMBER:** \_\_\_\_\_

**FAX NUMBER:** \_\_\_\_\_

**WIRING INSTRUCTIONS:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**COMPLETE PORTFOLIO CHARACTERISTICS**  
*(Check all that apply)*

STAFFORD INTERIM \_\_\_\_\_ STAFFORD REPAY \_\_\_\_\_ PLUS \_\_\_\_\_

SLS \_\_\_\_\_ CONSOLIDATION \_\_\_\_\_ HEAL \_\_\_\_\_

NON TITLE IV \_\_\_\_\_ PRIVATE LOANS \_\_\_\_\_ OTHER \_\_\_\_\_

**Total number of boxes included in shipment to the Servicer: \_\_\_\_\_ .**  
**(Please include a completed copy of this form in each box.)**



## *Portfolio Delivery*

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Upon the completion of the transmittal, the client will deliver the portfolio to AES using an established courier with tracking procedures.

The completed batches of loan folders, with transmittals attached, and the conversion information forms are to be received by AES on or before the scheduled delivery date at the following address:

**AES**  
**Conversion Services**  
**Manager of Conversion Services**  
***1200 North 7th Street—2nd Floor, North***  
***Harrisburg, PA 17102***

**IF FILES ARE NOT SENT TO THIS ADDRESS, YOU MAY NOT RECEIVE ACKNOWLEDGEMENT OF THEIR RECEIPT. PLEASE DO NOT SEND ANY CONVERSION DOCUMENTATION TO ANY PLACE OTHER THAN THE ABOVE LISTED ADDRESS.**

## *Receipt of Subsequent Correspondence*

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**For Tier One**, all correspondence received after your cut-off date should be forwarded directly to AES at the following address.

**American Education Services**  
*P.O. Box 2461*  
*Harrisburg, PA 17105-2461*

**For Two Tier**, if you receive borrower or school correspondence prior to the loans being activated on the AES system, please send them to the appropriate Conversion Supervisor at the address below.

**American Education Services**  
**Conversion Services**  
*(Conversion Supervisor)*  
1200 North Seventh Street – 2nd Floor North  
Harrisburg, PA 17102

After your loans are activated to the AES servicing system, please utilize the address indicated under the one tier conversion.

## Final Steps, Liability Notes and Rejections

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You will be responsible for the continued servicing of your loans, which includes performing due diligence, from the time you ship the portfolio to AES until the final conversion date. On the **actual conversion date**, AES begins servicing the loans. If you fail to service the loans during the conversion period, you may risk losing their guarantee.

On the delivery date we will begin the conversion process, which includes a detailed review of your portfolio. Knowledgeable and experienced AES Conversion representatives will review each document in each loan folder and will identify missing documentation. Any missing documentation is referred to as an *Exception or Liability Notation*.

A report itemizing all exceptions, a Liability Notation Report, can be provided to you prior to or after your portfolio is activated at AES. The Liability Notations will identify the existing deficiencies within each borrower folder.

It is in your best interest to review the Liability Notations and forward any missing documentation whenever possible. This will eliminate the need to search for information in the future when it may not be as easily accessible. Package all documentation and send it, in one shipment if possible, to the Conversion Department address listed on page 49. The documents should be accompanied by the Liability Notations Report. Please make sure that the appropriate social security number appears on each document.

Occasionally, loans which do not qualify for conversion, will be considered "**Rejected**" and returned to your institution. Upon correction these loans may be returned to AES under a separate portfolio at a later date.

If you need assistance in correcting a deficiency within a loan file, please contact your Conversion Services Supervisor.

# Payment Routing Form

## American Education Services/Graduate Services

LENDER'S NAME \_\_\_\_\_ LENDER CODE \_\_\_\_\_

EFFECTIVE DATE \_\_\_\_\_

*Only one effective date can be used per routing form*

### TYPE OF PAYMENT:

BORROWER \_\_\_\_\_  
DEFAULT \_\_\_\_\_  
SCHOOL REFUND \_\_\_\_\_

### TYPE OF LOAN:

STAFFORD (GSL) \_\_\_\_\_  
PLUS/SLS \_\_\_\_\_  
OTHER \_\_\_\_\_

BORROWER NAME  
(LAST, FIRST, M.I.)

SOCIAL SECURITY\*  
NUMBER

PAYMENT  
AMOUNT

_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

\*SOCIAL SECURITY NUMBER WILL BE THE BORROWER'S AES ACCOUNT NUMBER; THEREFORE, IT MUST BE INCLUDED IN ORDER TO POST ALL PAYMENTS.

TOTAL \$ \_\_\_\_\_

### Payment Routing Form Instructions

All payments are to be posted by your institution through the established final cut-off date. This is the second cut-off date for Two Tier conversions.

When borrowers forward payments to you after conversion to AES, cash the payments and list them on the AES/Graduate Services Payment Routing Form (page 52). A routing form should be completed for each effective date on which your office received payments. Mail the form and a cashier's check for the total amount of borrower payments itemized on the form(s) to:

**AES or Graduate Services**  
Harrisburg, PA 17130-0001

- The AES/Graduate Services will post payments to the borrower's account based upon the **effective date** listed on the routing form.
- A routing form may contain only **ONE LOAN TYPE** and **ONE PAYMENT TYPE** per **EFFECTIVE DATE**, however it may contain multiple transactions on the same type. For example, if a lender received ten (10) GSL borrower payments on the third, they can be processed on one AES/Graduate Services Payment Routing Form.
- One cashier check can be sent for multiple routing forms. Please keep in mind that the transactions listed on the routing form must balance with the cashier's check.
- If you have any questions on forwarding payments or completing the AES/Graduate Services Payment Routing Form, do not hesitate to contact your Conversion Services Supervisor.

## *Preparing Documentation for Loan Origination*

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If you have a Loan Origination agreement, the following procedures should be followed for pending disbursements, incomplete applications and rejected applications for the current term.

Pending disbursements are defined as any guaranteed loan with an undisbursed full or partial disbursement. A loan folder must be prepared for each borrower for whom you have an Application, a valid Promissory Note and a Notice of Guarantee with Disclosure with all disbursement dates in the future. This folder should contain all the documents for the pending disbursements. Each loan folder is to be labeled with the borrower's name and social security number and include the following documents:

1. Original Application
2. Original Promissory Note (signed and dated without uninitiated changes or modifications)
3. Original Disclosure and Guarantee Statement
4. All correspondence (if applicable)

A transmittal should be completed for these pending disbursement loan folders. One copy should be forwarded to Lender Services and you should retain a copy for your records. When you complete the loan folders and transmittals, please forward them to the address below.

### **Incomplete Applications**

If you have incomplete applications for the current academic year, please prepare a loan folder with the appropriate documents and label the folder with the borrower's name and social security number. A transmittal should be completed listing each borrower's name and social security number indicating the loan folders which contain incomplete applications. Forward a copy of the files and transmittal to Lender Services at the address below.

## *Preparing Documentation for Loan Origination*

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### **Rejected Applications**

If you have rejected applications for the current academic year, please prepare a loan folder with the appropriate documents and correspondence and label the folder with the borrower's name and social security number. A transmittal should be completed listing each borrower's name and social security number indicating the loan folders which contain incomplete applications. Forward a copy of the files and transmittal to Lender Services at the address below and retain a copy for your files.

American Education Services  
Lender Services  
1200 North Seventh Street  
Harrisburg, Pennsylvania 17102

**or**

American Education Services  
Lender Services  
P.O. Box 8116  
Harrisburg, Pennsylvania 17105

If you have any questions concerning the above information, please feel free to contact Lender Services at (717) 720–2592.

## SAMPLE OF INFORMATION FOR TRANSMITTAL

SAMPLE OF INFORMATION FOR TRANSMITTAL TRANSMITTAL				
Type: <b>Pending Disbursements</b> <u>  X  </u> Incomplete Applications <u>          </u> Rejected Applications <u>          </u>				
<u>Borrower's</u>	<u>Borrower's</u>	<u>First</u>	<u>Second</u>	<u>Third</u>
<u>Name</u>	<u>SSN</u>	<u>Disb</u>	<u>Disb</u>	<u>Disb</u>
J. Doe	111-22-3333	N/A	N/A	N/A
N. Smith	444-55-6666	N/A	N/	N/A

SAMPLE OF INFORMATION FOR TRANSMITTAL TRANSMITTAL				
Type:    Pending Disbursements <u>          </u> <b>Incomplete Applications</b> <u>  X  </u> Rejected Applications <u>          </u>				
<u>Borrower's</u>	<u>Borrower's</u>	<u>First</u>	<u>Second</u>	<u>Third</u>
<u>Name</u>	<u>SSN</u>	<u>Disb</u>	<u>Disb</u>	<u>Disb</u>
J. Doe	111-22-3333	N/A	N/A	N/A
N. Smith	444-55-6666	N/A	N/A	N/A

SAMPLE OF INFORMATION FOR TRANSMITTAL TRANSMITTAL				
Type:    Pending Disbursements <u>          </u> Incomplete Applications <u>          </u> <b>Rejected Applications</b> <u>  X  </u>				
<u>Borrower's</u>	<u>Borrower's</u>	<u>First</u>	<u>Second</u>	<u>Third</u>
<u>Name</u>	<u>SSN</u>	<u>Disb</u>	<u>Disb</u>	<u>Disb</u>
J. Doe	111-22-3333	N/A	N/A	N/A
N. Smith	444-55-6666	N/A	N/A	N/A

Your Portfolio Manager will need a copy of your most recent LaRS and recommend a copy be sent to your Portfolio Manager immediately following conversion.

If loans were rejected and returned to you, you are responsible for reporting these loans at the end of the quarter.

The AES prepared LaRS will be calculated as follows:

Origination Fees — The lender may request origination fees be reported as follows:

- Loans disbursed by the lender, prior to conversion, will not be reported. The lender will be responsible for reporting these loans on their LaRS.
- Loans disbursed by the lender, prior to conversion, will be reported on the LaRS produced by AES.
- Interest — Government interest is calculated from the effective date of your portfolio conversion.
- Special Allowance (SPAL) — For lenders converting as secondary markets, the average daily balance would be calculated from the effective conversion date.

The goal of our Business Support Group is to file your LaRS report in an accurate and timely manner. The AES LaRS process is automated and produces reports ready to file with the Department of Education. In addition, the process identifies any reasonable reporting exceptions which are reviewed by AES staff to ensure accurate and correct information is reported on the LaRS.

## PageCenter Welcomes You

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We are pleased to offer our customers the use of PageCenter report(s) retrieval. This process allows immediate access to various reports needed to simplify and maintain portfolio reconciliation processes. PageCenter allows you to view AES generated reports via a secure Web server.

This application provides many benefits and features, including:

- Reduction of paper in the workplace. Print only the pages you would like to keep for future use.
- Immediate access to reports for viewing, printing, and electronic downloads.
- Web-based application, so there is no need for other software on your PC.
- Ability to quickly locate specific data in a report, with the indexing feature.
- Differentiated categories for security of report types.
- Ability to export a report to an Excel spreadsheet or a Word document. This allows you to tailor the report to your needs.
- Allows you to have multiple reports open at the same time. You can also open multiple copies of the same report.
- There is no cost to the user.
- Available on-line “HELP” function.

## Mailing Addresses

If you or your customers must send information to American Education Services, please refer to the addresses below to choose the correct contact. This will ensure that the correspondence is received and processed in a timely manner.

ITEM DESCRIPTION	DEPARTMENT ADDRESSES
Conversion information, borrower files and other information required for the transfer of educational loans to AES.	<p>AES  <i>Conversion Services</i>            1200 North 7<sup>th</sup> Street            Harrisburg, PA 17102            (717) 720-2300</p>
AES or Graduate Services Payment Routing Forms (for payments received by the lender on behalf of the borrower's account).	<p>AES or Graduate Services            Harrisburg, PA 17130-0001</p>
<p>General Correspondence - mark the borrower's name and account number on all correspondence that should be added to the account or requires an account response following conversion.</p> <p>Borrower Payments - borrowers should be instructed to clearly mark their account number on the check and mail directly to AES Graduate and Professional Services</p> <p>Paid-in-Full address:</p>	<p>AES Graduate and Professional Services            P.O. Box 2461            Harrisburg, PA 17105-2461</p> <p>AES Graduate and Professional Services            Harrisburg, PA 17130-0001</p> <p>AES Graduate and Professional Services            P.O. Box 2251            Harrisburg, PA 17105-2251</p>
Loan Origination—signed promissory notes and disclosure statements for loans to be disbursed under the terms of a loan origination agreement.	<p>AES Loan Origination Dept.            P.O. Box 8116            Harrisburg, PA 17105</p>
New Applications—both the “A” and “B” copy should be mailed directly to our application receipt center.	<p>Application Receipt            AES Loan Guarantee            P.O. Box 8177            Harrisburg, PA 17105</p>