



# TSAC UPDATE



## IN THIS ISSUE

⇒ Default Aversion Information: **Loan Rehabilitation** 1

⇒ TSAC Hires New Financial Aid Specialist 2

⇒ An Easy Way to Proactively Reduce Potential Defaults 2

## Default Aversion Information

### LOAN REHABILITATION

**L** An option for your defaulted loan is loan rehabilitation. To rehabilitate your Direct Loan or FFEL Program loan, you must contact the Department of Education and agree on a reasonable and affordable payment plan. (Contact your school for your Perkins Loan.)

Your loan is rehabilitated only after you have voluntarily made the agreed-upon payments on time and the loan has been purchased by a *lender*. Outstanding *collection costs* may be added to the *principal* balance.

Note: Payments that have already been collected from you—for example, through the Administrative Wage Garnishment (AWG) process or through legal action taken against you to collect your defaulted loan—do not count toward your rehabilitation payments. (Through AWG, payments will be deducted from your wages until your defaulted loan is removed from default status.)

Once your loan is rehabilitated, you may regain eligibility for benefits that were available on your loan before you defaulted. Those benefits may include *deferment*, *forbearance*, choice of repayment plans, *loan forgiveness*, and eligibility for additional federal student aid.

Other benefits of loan rehabilitation include the removal of:

- ◆ the default status on your defaulted loan
- ◆ the default status reported to the national credit bureaus
- ◆ wage garnishment
- ◆ professional license revocation, and
- ◆ income tax refund withholdings made by the Internal Revenue Service (IRS).

After rehabilitation, your monthly payment may be more than the amount you paid while you were rehabilitating your loan. Collection costs may be added to your principal balance, increasing the total amount you owe. Delinquencies (late payments) reported before the loan defaulted will not be removed from your credit report.



A defaulted student loan may impact your credit rating.



## TSAC Hires New Financial Aid Program Specialist

**L**eah Louallen is joining TSAC after serving students at Nashville State Community College for the last fifteen years. While at NSCC, she held five positions in the Financial Aid Office. She has diverse expertise in a large variety of programs with direct experience in reconciliation and management of Title IV Federal Financial Aid, State of Tennessee Programs, and institutional scholarship funds. Leah is passionate about assisting students achieve their goals in a fiscally responsible manner. She strives to make the financial aid process less intimidating for students and parents. She enjoys serving the financial aid community through TASFAA.

Leah resides in Pegram, Tennessee with her husband John, daughter Kennedy, and son Bret. She spends most of her spare time cheering for her children from the sidelines.

Leah is excited to join the team at TSAC and continue to have the opportunity to serve Tennessee students, parents, and the financial aid community.



---

## An Easy Way to Proactively Reduce Potential Defaults

**R**ising CDRs getting you down? Are you wondering what you can do to lower defaults? A good place to start is by using your NSLDS School Portfolio Report to focus on borrowers in certain loan statuses having a higher risk of defaulting.

The NSLDS School Portfolio Report provides information on both William D. Ford Federal Direct Loan (DL) and/or Federal Family Education Loan (FFEL) Program loans for all borrowers associated with your school. Information on all loans serviced by any servicers, including the Department of Education's federal loan servicers will be displayed. Report Data includes: the original and current lender, original and current guarantor (FFEL) or Department of Education servicer code (Direct Loans), original and current lender codes, current loan servicer code (for each loan), loan amount, current OPB (Outstanding Principle Balance), current OIB (Outstanding Interest Balance), total refund and total cancellation amounts, date entered repayment, repayment plan begin date/plan code, deferment and forbearance begin and end dates, claim information, discharge and rehabilitation/repurchased information, consolidation information.

The School Portfolio Report is only available in extract format. Data can be requested in comma delimited or fixed width data, and sorted by borrower Social Security Number or Last/First Name. Results will show up in your SAIG mailbox after your request is submitted. Delivery time to your SAIG mailbox may vary.

You can request this report for a specific time period for a specific activity such as contacting borrowers in a deferment or forbearance status to remind them that their regular repayment schedule will soon be resuming. For this purpose, request the Payment Suspended [deferment and forbearance] parameter when ordering the report. Other parameter options are: All, Open, Closed, Defaulted, In-School, In-Repayment, Open Disability, and Un-reinsured.

Because the report can be used for multiple purposes, TSAC recommends that you utilize the "push" scheduling feature (available for a limited number of NSLDS reports) and have the School Portfolio Report sent to you each month. You can access it through EDconnect. To set up monthly receipt of this report, go to the NSLDS Professional website, click on the ORG tab, click on School Profile, then scroll to School Portfolio Report and fill the boxes.

The "push" scheduled version of School Portfolio Report contains six years of loan data – allowing you to not only work with borrowers in current CDR periods, but also upcoming CDR periods.

