

# Newsbreak



May 21, 2009

## ECMC Changes Processing to Accommodate PUT Program

The Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) includes the Loan Purchase Commitment (PUT) Program, which means that lenders may sell fully disbursed Federal Family Education Loan (FFEL) Program loans to the Department of Education (Department) and transfer the servicing of those loans to the Department's servicer.

Because ECASLA does not require lenders to provide advance notification of intent to PUT the loans, you may encounter a variety of scenarios:

1. **A pre-notification period allowing you to make limited changes to a loan**
2. **After-the-fact discovery that a loan has been PUT**
3. **Disbursement returns**

The following information outlines important processing changes regarding ECMC-guaranteed loans that are PUT by the lender. For future reference, this information is posted in the *School* section of [www.ecmc.org](http://www.ecmc.org).

### Eligible Loans

Stafford (subsidized and unsubsidized), PLUS and Grad PLUS loans from the following time periods are eligible for the PUT Program:

#### 2008-2009 academic year

- Loan period includes, or begins on or after, July 1, 2008
- First disbursement is on or after May 1, 2008, occurring no later than July 1, 2009
- Loan will be fully disbursed no later than September 30, 2009

#### 2009-2010 academic year

- Loan period includes, or begins on or after, July 1, 2009
- First disbursement is on or after May 1, 2009, occurring no later than July 1, 2010
- Loan will be fully disbursed no later than September 30, 2010

For your reference, the Department maintains detailed information about the ECASLA Programs at <http://federalstudentaid.ed.gov/ffelp>.

## Scenario 1: Optional Pre-Notification of a PUT

Lenders and servicers may notify ECMC before a loan is PUT via the ECASLA PUT File. **Note: Advance notification is optional and may not be utilized by all lenders and servicers.**

If ECMC has been notified that a loan will be PUT, information will be provided to schools through the following methods.

### ECMC Direct

The ECMC Direct *Loan Detail* screen will reflect *PUT Adjustment Cutoff Date* and *Anticipated PUT Date* in new fields when lenders and servicers choose to notify ECMC before a loan is PUT.

When a *PUT Adjustment Cutoff Date* is in the future, some changes are still permitted and others will not be allowed.

#### Changes still permitted:

- Disbursement cancels
- Refunds
- Post-disbursement partial cancels

#### Changes no longer allowed:

- Loan increases
- Reinstatements
- Reissues
- Reallocations
- Late disbursement processing
- Post-withdrawal disbursements

### CommonLine Response File

If lenders and servicers participate in the optional pre-PUT notification process, the CommonLine Response file and ECMC's Online Reports will contain information on the PUT loans. The CommonLine Response file will reflect the following information in three new fields:

- *Servicer ID: "700577"*
- *Adjustment Cut-Off Date* will be 9 business days before the *Anticipated PUT Date*
- *Anticipated PUT Date* will identify the date of loan transfer to the Department's servicer

In order to provide our school customers with appropriate information when loans are transferred via the PUT process, ECMC will report the change as a "Modification (M)" record in the CommonLine Response file. For detailed information on changes to the specifications, please visit the NCHelp Web site at [www.nchelp.org](http://www.nchelp.org).

### Online Application Response Report

PUT information will be included on the *Application Response Report* for schools that utilize ECMC's Online Reports feature.

This information will include:

- *Borrower SSN* (and *Student SSN* if applicable)
- *Borrower Name*
- *Loan Number*
- *Unique ID*
- *Loan Type*
- *Loan Period*
- *Current Loan Amount*

- *Adjustment Cut-Off Date*

Totals will also be provided for each loan type.

## Scenario 2: After A Loan Has Been PUT (With or Without Pre-Notification)

The Department's servicer will notify ECMC after a lender PUTs a loan that had been guaranteed by ECMC. ECMC can no longer make any changes once notified a loan has been PUT.

If you currently access the ECMC Direct *Loan Summary* and *Loan Detail* screens the following information will be provided for PUT loans:

- *Loan Status:* "AE"
- *Lender Code:* "898577" or "899577"
- *Servicer Code:* "700577"
- *The Loan Summary* screen will display PUT loans in the *Inactive Loans* section
- The *Loan Detail* screen will display the date the loan was PUT in a new field called *Anticipated PUT Date*

## Scenario 3: Disbursement Returns

If a school uses ECMC Disbursement Services and returns funds to ECMC on a PUT loan, ECMC will return the funds to the school with instructions to forward the funds to the Department's servicer at:

Department of Education Student Loan Servicing Center  
P.O. Box 7063  
Utica, NY 13505-7063

Attn: Monetary Processing Department/Transitions, Kim Meadows  
866.938.4750

**Note: Lenders and servicers may have another process in place to handle returned funds on PUT loans not originally disbursed by ECMC.**

### Online PUT Cancel Report

The PUT Cancel Report identifies PUT loans with disbursements that were not disbursed before the PUT occurred. These disbursements are cancelled and ECMC cannot disburse the funds. If a borrower is eligible for additional funds, schools must certify a new loan as disbursements cannot be made on PUT loans. Schools can access this report using ECMC's Online Reports feature. ECMC will mail paper reports to NDN schools.

If you have questions, contact Kathy Sizemore at 651.325.4073 or [ksizemore@ecmc.org](mailto:ksizemore@ecmc.org) or Donna Quigley at 651.325.3314 or [dquigley@ecmc.org](mailto:dquigley@ecmc.org).

### About ECMC

ECMC is a nonprofit national guaranty agency insuring loans under the Federal Family Education Loan (FFEL) Program. Through customer-focused services and flexible products, ECMC works with schools, lenders, and loan servicers to find solutions that best meet the needs of students.