



July 28, 2016

## DEPARTMENT OF EDUCATION RELEASES POLICY GUIDELINES FOR FUTURE CONTRACTS WITH FEDERAL STUDENT LOAN THIRD PARTY SERVICERS

The United States Department of Education (DOE) recently issued a memo outlining future policy direction for servicing federal student loans. The DOE contracts with third party servicers to collect federal student loan payments. The guidelines outlined in the memo will be incorporated into future servicing contracts.

Specifically, the DOE wants to provide different economic incentives for servicers aimed at improving the quality of services received. Indicators to be used to provide performance data impacting servicer compensation include:

- Response time from borrower phone or email inquiry;
- Hold time;
- Feedback should be acknowledged within 24 hours;
- Complete Public Service Loan Forgiveness Employment Certification Forms should be processed within 10 business days;
- Complete income-driven repayment applications should be processed within 10 business days;
- Direct ACH debit applications should take no longer than five business days to process, and revisions to existing accounts should be completed within three business days;
- Average speed of answer;
- Maximum hold time;
- Call abandon rate; and
- Call quality error rate.

Other anticipated changes intended to decrease borrower confusion include a centralized web portal for borrowers and white-label Department of Education branding. Currently, the student loan environment includes multiple servicers using their own individual brands.

Student loans continue to be a hot issue for regulators. Recently, the United States Government Accountability Office released a report stating that the DOE could improve its oversight of

third party servicers. We will continue to provide updates on student loan servicing developments.

✧ *Elizabeth Anstaett and Emily Barlage*

Darrell L. Dreher  
[ddreher@dtlaw.com](mailto:ddreher@dtlaw.com)

Elizabeth L. Anstaett  
[eanstaett@dtlaw.com](mailto:eanstaett@dtlaw.com)

Margaret M. Stolar  
[mstolar@dtlaw.com](mailto:mstolar@dtlaw.com)

Robin R. De Leo  
[robin@dreher-la.com](mailto:robin@dreher-la.com)

Susan M. Seaman  
[sseaman@dtlaw.com](mailto:sseaman@dtlaw.com)

2750 HUNTINGTON CENTER  
41 S. HIGH STREET  
COLUMBUS, OHIO 43215  
TELEPHONE: (614) 628-8000 FACSIMILE: (614) 628-1600  
[WWW.DTLAW.COM](http://WWW.DTLAW.COM)

To see previously sent ALERTS, visit our website at [www.dtlaw.com](http://www.dtlaw.com)

To decline future ALERTS, please contact us at [ALERTS@DLTLAW.COM](mailto:ALERTS@DLTLAW.COM).  
This ALERT has been prepared for informational purposes only. It does not constitute legal advice and does not create an attorney-client relationship.

Michael C. Tomkies  
[mtomkies@dtlaw.com](mailto:mtomkies@dtlaw.com)

Charles V. Gall  
[cgall@dtlaw.com](mailto:cgall@dtlaw.com)

Judith M. Scheiderer  
[jscheiderer@dtlaw.com](mailto:jscheiderer@dtlaw.com)

Susan L. Ostrander  
[sostrander@dtlaw.com](mailto:sostrander@dtlaw.com)

Emily C. Barlage  
[ebarlage@dtlaw.com](mailto:ebarlage@dtlaw.com)