

**10/23/2008 NCHelp Post Claim Sampling Webinar
DRAFT Questions and Answers**

Q1. Should all lenders be required to use the Common Claim Form?

A1. In order to realize the benefits of standardization and consistency of information to be provided throughout the life of the loan, all participants in the program are encouraged to utilize the standards provided by the Common Claim Initiative.

Q2. Does everyone have access to the information that was referenced several times on the DACS SharePoint?

A2. As the PCS report is currently being reviewed for approval by the Department of Education the information is currently only available on the DACS SharePoint website, which is password protected. After final approval, the report will be made available on the NCHelp e-Library to help ensure wider access.

Q3. While PCS may ensure data integrity between lender records and the claim submittal, how is the actual accuracy of that data to be verified?

A3. The review of the accuracy of the data is part of the standard program review of lenders, such as that conducted by the Common Review Initiative, and through other third-party audits.

Q4. How will bundled agencies be handled whereby there is only 1 GA and 1 Lender? Will they simply handle the sampling without any interaction with this formal process?

A4. As there is a one to one relationship between the guarantor and lender, it appears it would be unnecessary for the guarantor to participate in the year-end reconciliation process in addition to the quarterly reviews. It would however be beneficial for the guarantor to forward the information regarding their quarterly reviews in order to ensure we have as complete a picture as possible in support of this program.

Q5. Is it the intention of the CCI process to report the most recent 270 days of due diligence activity in the case of rolling due diligence, or all activity that occurred from the original date of delinquency prior to rolling status?

A5. We acknowledge there is an inconsistency in interpretation between agencies on the 270 days of due diligence, and it is part of our future efforts to support one consistent interpretation. Lenders will need to contact their individual guarantor partners to determine that guarantor's definition of the 270 days of due diligence that they expect to be provided in the Common Claim.

Q6. Could you define "scientifically" selected claims? For example, this quarter that just ended, we have 10 different lenders to whom we paid claims. There are a total of 9500 claims paid. How would you divide the 29 claims between all lenders?

A6. PCS utilizes the same methodology as the Common Review Initiative that draws the audit sample from a random selection of the total population, in order to ensure a valid statistical inference can be made as far as the accuracy of the claim data received from each lender/servicer. The random sampling methodology does not require an even distribution of the sample population. Details of the methodology are provided in the procedures document.

Q7. Now that Post Claim Sampling has been blessed by the Department, is there an implementation timeline for guarantee agencies to switch from individual review requirements to the full CCI process?

A7. Individual agencies are at various stages of fully implementing CCI and we encourage you to work closely with your trading partners to understand the current status and to work towards full implementation of CCI to realize the benefits of the process while ensuring the integrity of this important business function.

Q8. Will all guarantors be adopting the PCS process and methodology? Will there be some guarantors who do not adopt this?

A8. To ensure consistency through the default and post default processes, we are encouraging all guarantors to adopt all CCI standards, including PCS.

Q9. Isn't the FULL payment history being requested of lenders by guarantors in case of loan assignment to the Dept of Ed? (as opposed to the last 270 days) How does that relate to the electronic CCI process?

A9. Current assignment operational standards do not require full payment histories. Full payment histories may be requested on an as-needed basis by ED's Debt Collections Services. Should this occur, the guarantor should work with the lender/servicer to obtain the necessary documentation.

Q10. What are the implications of being placed on monitored review status? What must be satisfied to have the status removed?

A10. We currently do not have an actual example to formulate a model regarding a monitored claim review status. More than likely the placement on the monitored claim review status would be related to a systemic problem, and the guarantor(s) and lender(s) are encouraged to work together to reach a satisfactory resolution.

Q11. Re: Monitored review status. Isn't it ED that has the authority to assign this status? Have they agreed to give guarantors this authority?

A11. The monitored claim review status is different than the authority the Department of Education has to limit, suspend or terminate an entity from participating in the FFEL Program.

Q12. Does a lender/guarantor have to use the CAM interface for electronic claim filing, or can they build an internal electronic interface using the CCI required fields?

A12. DACS and the Electronic Standards Committee encourage the utilization of the standards provided to ensure consistency in the overall program and ability to utilize the same standards across multiple organizations. While this does not preclude trading partner agreements, we do not encourage use of proprietary exchanges.

Q13. What law was being referred to when questions about CCI and Post Claim Sampling were being asked?

A13. CCI has been developed to fulfill the requirements as provided by the Higher Education Act as amended and associated regulations, specifically the 1992 Reauthorization of the HEA.

Q14. Will CCI be required by the Department of Education?

A14. The CCI standards also benefit the Department of Education (ED) in that they provide the same consistency that benefits the Financial Partners; we believe ED will strongly encourage all participants to adopt the CCI standards.

Q15. Due to system limitations we will be unable to do electronic claims processing until after the end of FY 2009. We will continue to do 100% manual review of all claims. How can we comply with the year end reconciliation process? We understand that it would be important that other agencies know what lenders we have processed claims for and that we have reviewed 100% of our claims. Generally, the 100% claim review that we do would meet Post Claim Sampling requirements for the reconciliation process, correct?

A15. The implementation of the Post Claim Sampling should not be tied to the implementation of electronic exchange of CCI standards. The CCI standards were developed in such a way that electronic exchange is not a requirement or prerequisite. Hopefully, your agency has adopted the paper process that the Common Claim form supports. If so, you will want to participate in the quarterly Post-Claim Sampling process, as this sampling process is required in order to enable the guarantor to utilize the CCI methodology. If not, then we encourage you, and all agencies to participate in the Default Aversion and Claim Standardization (DACs) subcommittee in order to work with your peers and trading partners to implement the components and standards of CCI, including PCS. As mentioned in "Q&A 4" above, information regarding your review population would be beneficial if you have not implemented PCS as part of the collaborative annual review.

Q16. What are the next steps?

A16. Additional work, tools and reports will need to be developed for the collaborative annual review process. We will also provide outreach efforts to encourage all participants to fully implement CCI.