

September 1997

**DIRECT LOANS**  
**SUGGESTED EXCESS CASH/PAYMENT TRANSMITTAL**  
(See instructions on back.)

School Name: \_\_\_\_\_ Direct Loan School Code: (G or E) \_\_\_\_\_  
\_\_\_\_\_

Date Check Sent to Servicer: \_\_\_\_\_ Check # \_\_\_\_\_ Amount \$ \_\_\_\_\_

If returning excess cash, please check (✓) Column I.

**OR**

If applying funds to a borrower(s) accounts(s), please check (✓) Column II.

Column I

Column II

\_\_\_\_\_ **EXCESS CASH\***

\_\_\_\_\_ **PAYMENT to Borrower(s) Account(s)**

Mail check to the following address if returning excess cash:

Mail check to the following address if sending payment:

Direct Loan Origination Center  
**ATTN: EXCESS CASH**  
P.O. Box 2011  
Montgomery, AL 36102-2011

Direct Loan Servicing Center  
**ATTN: PAYMENT CENTER**  
P.O. Box 746000  
Atlanta, GA 30374-6000

\* If the amount of money being returned is \$100,000 or more, the funds must be returned by FEDWIRE to:

Compass Bank Account No. 707726726  
ABA No. 0620 01186

- If the funds being returned are to be applied to an individual borrower's account, please provide the following information:

Borrower Name: \_\_\_\_\_

Loan ID#: \_\_\_\_\_

- If funds are being applied to multiple borrowers or loans (i.e., subsidized and unsubsidized), attach a listing indicating the borrower's name, loan ID, and amount.

School Official Name: \_\_\_\_\_

School Official Signature: \_\_\_\_\_ Phone Number: ( ) \_\_\_\_\_

## INSTRUCTIONS

**The following information will assist you in returning Direct Loan funds to the Department:**

**NOTE:** This Transmittal should be used only by schools returning funds by paper check and should not be used by schools returning funds by ACH or FEDWIRE.

- When the institution has drawn down too much money, resulting in **excess cash**, the school must return these funds as **excess cash**. [Use Column I on the **left** side of the Transmittal.]
- **Within 120 days** from the date of disbursement, for loan funds being returned due to an adjustment or cancellation to a borrower's account, the school needs to:  
[Note: When a school calculates a *refund* within 120 days from the date of disbursement, the refund must be reported either as an adjustment or a cancellation and funds should be returned as excess cash.]

1. make an <b>electronic</b> adjustment/cancellation to the borrower's disbursement record
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**AND**

2. A. return these funds as <b>excess cash</b> [Use Column I on the <b>left</b> side of the Transmittal.]
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**OR**

B. <b>if the school's loan origination level is Option 2</b> , the school can use these funds (the amount that would otherwise be returned) for another borrower in accordance with the appropriate cash management regulations (34 CFR 668.166)
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**REMINDER:** A school cannot adjust or cancel a loan if the effective cancellation or adjustment date is **after 120 days from the date of disbursement**.

- **After 120 days** from the date of disbursement, for loan funds being returned to "prepay" a borrower's balance (refund to the borrower's loan account), the school needs to:
  1. return funds as **payment** to borrower's account (refund the amount to the borrower's account) [Use Column II on the **right** side of the Transmittal.]
  2. **do not make any electronic adjustments/cancellations to the borrower's account**

**Remember:** this amount is **not** excess cash.

**IF YOU HAVE ANY QUESTIONS, PLEASE CALL A CUSTOMER SERVICE REPRESENTATIVE AT THE LOAN ORIGINATION CENTER: 1-800-848-0978**