

January 1998

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) account(s), please check (√) Column II.

Column I

___ **EXCESS CASH ***

Mail check to the following address if returning excess cash:

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

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

Compass Bank Account No. 707 2672 6
ABA No. 0620 01186

Column II

___ **PAYMENT to Borrower(s) Account(s)**

Mail check to the following address if sending a payment:

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

- 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 should:
[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 electronic adjustment/cancellation to the borrower's disbursement record
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AND

2. A. Return these funds as excess cash [Use Column I on the left side of the Transmittal.]

OR

B. If the school's loan origination level is Option 2 , use these funds (the amount that would otherwise be returned) for another borrower in accordance with the appropriate cash management regulations
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REMINDER: A school cannot adjust or cancel a loan if the action date for the cancellation or adjustment 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 should:
 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. **Make no 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