



TO: Joe Popevis
2401 International Lane
Madison, WI 53074

FROM: Mark A. Brown
Chief Operating Officer

DATE: October 9, 2019

SUBJECT: Contract No. ED-FSA-09-D-0012, Great Lakes Letter of Concern

On or about September 10, 2018, Federal Student Aid (FSA) executed modifications with the Servicers, which added the requirements for Change Request (CR) 4753: FSA CEMS Borrower Defense Enhancements Impacting Servicers. The CR required that servicers apply forbearance/stopped collection activity against certain borrower's accounts indefinitely until FSA provided a notice to the contrary. Complaints before the U.S. District Court for the Northern District of California make clear that some borrowers' accounts were not maintained in forbearance/stopped collection activity by your firm as required. It is troubling that FSA was first informed of the problem by the opposing party in the lawsuit before the U.S. District Court, and not by your firm.

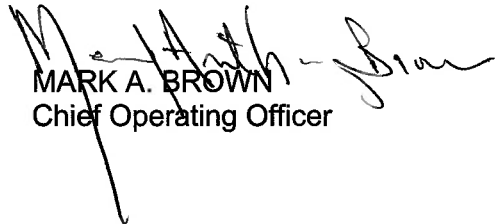
Where your firm failed to properly follow the instructions in CR 4753, student borrowers have suffered significant harm including damage to their credit, wage garnishments, and treasury offsets. Moreover, FSA has faced significant legal challenges. You will agree, the collective outcomes of failure to adhere to CR 4753 are unacceptable. The Contracting Officers have advised me that FSA will thoroughly relate poor performance in the Contractor Performance Assessment Reports for any failure to adhere to the CR. In addition, the Contracting Officers are examining appropriate and meaningful equitable adjustments to contract payments and other financial disincentives.

I ask that you immediately review your systems and records and identify where your firm failed to adhere to the specific instructions outlined in CR 4753. Once your firm has discovered where it failed to properly implement CR 4753, in any manner, report same in writing to the cognizant Contracting Officer within three business days after receipt of this

letter. When reporting your findings, you shall identify what happened and how it happened, and demonstrate measures your firm has/will implement to prevent further occurrences. Additionally, provide the name of each borrower impacted by CR 4753 and the current status of the borrower(s) - in forbearance/not in forbearance.

Please acknowledge receipt of this letter in writing.

Questions concerning the above may be addressed to the cognizant Contracting Officer.


MARK A. BROWN
Chief Operating Officer