

**WAGE WITHHOLDING FOR DEFAULTED  
STUDENT LOANS**



**A HANDBOOK FOR EMPLOYERS**

## TABLE of CONTENTS

A Letter to Employers.....	3
The Student Loan Program.....	4
Collection Authority.....	4
The Basic Steps Employers Follow for Withholding .....	5
Employer Notification .....	5
Amount of Withholding.....	6
How to Remit the Earnings Withheld.....	7
When to Stop Withholding .....	8
Employer Compliance .....	8
Inquiries.....	8
Public Law 102-164, as amended by Public law 109-171; 20-U.S.C. §1095-a-et seq. ....	9-10
Privacy Act Notice.....	10
Employer Instructions for Complying with the Order of Withholding.....	11-12
 <b>Attachments &amp; Instructions</b>	
Attachment A1 <b>Order of Withholding from Earnings</b> .....	14
Attachment A2 <b>Second Notice of Order of Withholding from Earnings</b> .....	15
Attachment B1 <b>Employer Acknowledgment of Wage Withholding</b> .....	16
Attachment B2 <b>AWG Worksheet Instructions</b> .....	17
Attachment B3 <b>AWG Withholding Worksheet</b> .....	18
Attachment C <b>Release of Order of Withholding from Earnings</b> .....	19
Attachment D <b>Employer Acknowledgment of Release of Order of Withholding</b> .....	20
Attachment E <b>Employer Notice of Change of Employment</b> .....	21
List of Guarantors.....	22

Dear Employer:

The Federal Family Education Loan Program (FFELP) provides low interest loans for postsecondary education. This program is administered by guaranty agencies, on behalf of the federal government. When borrowers fail to repay these loans, one of the methods for collecting payment on these defaulted FFELP loans is Administrative Wage Garnishment (AWG). AWG permits wage garnishment without the issuance of a court order. Federal law (20 USC 1095a et. Seq and 34 CFR 682.410 (b) (9)) supercedes state law and authorizes this process.

Please read carefully the details and instructions that follow in the attached Employer Handbook. An Order of Withholding from Earnings, accompanied by the Employer Handbook is being provided to you because valid records indicate your employee is a borrower who has defaulted on a FFELP loan. Prior to our contact with you, notification of this debt was provided to the borrower. He/she was allowed sufficient opportunity to review the Guarantor's records relating to the debt, make voluntary arrangements to resolve the debt or be granted a hearing regarding any existing disputes.

We anticipate you will do your part to ensure borrowers who were assisted by the FFELP loan program repay their debts. Your cooperation with the AWG program will allow others to continue to receive assistance to pursue postsecondary education, which results in a more educated workforce. Additionally you are contributing to the reduction of taxpayer dollars necessary to fund the loan program. Thank you for your participation. If after reading the following document in its entirety, you have questions, please contact the collection agency listed on the Order of Withholding from Earnings that you received.

## **THE STUDENT LOAN PROGRAM**

### **PROGRAM OVERVIEW**

The Federal Family Education Loan Program (FFELP), formerly called the Guaranteed Student Loan (GSL) was created by the Higher Education Act of 1965 in an effort to provide incentives for the use of private capital to fund low-interest, long-term loans for post-secondary education. Students go to private lenders for an education loan, and the lender's risk is nearly eliminated by a guarantee from the federal government. Guarantee agencies handle the administration of the loan program at the state level on behalf of the federal government, including the loan guarantee, claim payment, compliance with student loan regulations, and collection of defaulted loans. When a student fails to repay the loan and enters default (becomes 180 days past due), the holder of the loan(s) files a claim with the Guarantor to cover the amount. The Guarantor examines the claim to ensure that it was properly serviced by the lender, and pays the lender. Once a claim is paid, the Guarantor files for reinsurance on the loan(s) with the United States Department of Education (ED). At the same time, the Guarantor begins collection efforts by contracting with various collection contractors. These contractors utilize various tools including everything from phone or letter contacts to withholding IRS refunds from defaulted borrowers.

### **DEFAULT RATES**

Most students repay their debts. However, approximately 15% of borrowers in this program fail to repay their loans. Many of these borrowers are employed and able to make payments.

### **DEFAULT PREVENTION and COLLECTION**

A number of regulations and incentives have been put into place to prevent the default rate from rising. As a result, the Guarantor has substantially increased default prevention efforts. In addition, Congress has passed a law that will help guarantee agencies and ED collect on these defaulted loans through the administrative withholding of a defaulted borrower's wages.

### **LEGISLATIVE AUTHORITY**

Public Law 102-164; as amended by public law 109-171; 20 U.S.C. § 1095(a) et seq. (Emergency Unemployment Compensation Act) allows the Guarantor to administratively garnish up to fifteen percent (15%) of the borrower's disposable pay until the defaulted loan has been paid in full. This law supersedes any State's laws governing wage garnishment.

Guarantors believe wage withholding will encourage many defaulted borrowers to repay their loans. In those cases where borrowers continue to refuse to honor their obligations, wage withholding becomes an effective debt collection tool.

### **COLLECTION AUTHORITY**

The U.S. Department of Education permits a guaranty agency to contract with a collection contractor to perform, on the agency's behalf, many of the activities needed for the agency to collect by Administrative Wage Garnishment under 34 CFR 682.410(b)(9). Such administrative activities include the identification of suitable candidates for wage garnishment if done in accordance with specific standards adopted by the guarantee agency; obtaining employment information on these individuals for the exclusive purpose of garnishment; sending candidates selected for garnishment a notice prescribed by the agency that explains the garnishment action the agency proposes to take, the borrower's right to object to the proposed action, an opportunity to negotiate an alternate repayment arrangement; responding to inquiries from notified candidates regarding requests for documents pertaining to the debt, for a hearing, or for repayment arrangements and negotiating such arrangements; and receiving garnishment payments from a borrower's employer.

## **BASIC STEPS to FOLLOW FOR THE WAGE WITHHOLDING PROCESS**

### **PROCEDURE**

1. Read the Order of Withholding from Earnings. It contains the instructions on how to withhold and pay the required amounts.
2. Calculate and deduct the amount to be withheld from the borrower's pay for the first pay period that occurs after the employer receives the withholding order.
3. Send the amount deducted to **the collection agency** according to the instructions on the Order to Withhold letter.
4. Repeat steps 2 and 3 each payday

### **EMPLOYER NOTIFICATION**

The Guarantor will send the employer an Order of Withholding from Earnings form, which provides the borrower's name, address, and social security number as well as instructions for withholding. An additional copy of the Order is provided for you to give to the borrower. A sample form is provided as (**Attachment A**).

### **EMPLOYER ACTION**

Employers should respond by completing and returning the Employer Acknowledgment of Wage Withholding form (**Attachment B1**) within ten (10) business days. If the borrower is no longer employed by your organization when you receive the Order, simply indicate this on the form and return the form to the indicated mailing address.

### **EMPLOYEE NOTIFICATION**

The borrower will already have been given notice that withholding will occur. Before you receive an order, the borrower has received:

- Numerous notices of delinquency and finally a Notice Prior to Wage Withholding.
- An opportunity to contest the withholding and will have been informed of his or her rights and responsibilities in the process.
- An opportunity to avoid wage withholding by entering into a voluntary repayment agreement with the Guarantor.

You have received the Order of Withholding from Earnings because the borrower:

- Did not request such a hearing within the time required under the law; or
- The hearing was held and the hearing officer determined the borrower did not have sufficient grounds to avoid garnishment

## AMOUNT of WITHHOLDING

The instructions below explain how to calculate the amount of earnings to be withheld.

1. Read the Order of Withholding from Earnings form.
2. Identify the borrower named in the Order.
3. Identify the borrower's gross earnings for the pay period. *Earnings* of the borrower means the compensation paid or for payable personal services, whether denominated as wages, salary, commission, bonus, or otherwise.
4. Identify amounts which can be excluded from withholding. These are limited to amounts required by law to be held such as state (if applicable) and federal income tax, federal FICA or OASI tax (Social Security). The employer should not include deductions for savings bonds, employee contribution to retirement plans or health insurance, etc.
5. Calculate disposable earnings by subtracting excluded amounts (step 4) from the borrower's gross earnings (step 3).
6. Calculate the required withholding by multiplying the borrower's disposable earnings (step 5) by 15%, or 0.15. The result is the MAXIMUM amount to withhold from the borrower's wages each payday. The employer may round off the figure to a flat dollar amount so long as the resulting figure does not exceed fifteen percent (15%) of the borrower's disposable pay.

## **HOW to REMIT the EARNINGS WITHHELD**

1. Cut a check for the required withholding amount calculated according to the instructions above. Make checks payable to the collection agency that sent you the Order of Withholding from Earnings.
2. Be sure each check includes the information below.
  - Borrower Name
  - Borrower Social Security Number
  - Employer Name
  - Notification Indicating This Is A Wage Withholding Payment or Payments
  - Employer's Federal Employer Identification Number

## **FREQUENCY of PAYMENT**

Although deductions should be made at each pay period, whether weekly, bi-weekly, semi-monthly, etc., remittance to the collection agency need not be made more than once each month. The employer is not required to change their normal pay and disbursement cycles to comply with the Withholding Order.

## **TWO or MORE BORROWERS**

If the employer is making payments to the same collection agency for two (2) or more borrowers, the employer may combine payments as long as the check stub or transmittal sheet details the employee name, social security number, and amount remitted for each borrower.

## **LIMITS REQUIRED BY LAW**

The Consumer Credit Protection Act (15 USCA Section 1671 et seq.) provides for a 25% limit to the total amount of wages which can be withheld from an individual. If the borrower in question is subject to multiple withholding of garnishments, this limit may affect the amount which may be withheld for student loan debts. As a general rule, if the borrower already has 25% or more of his or her wages withheld at the time you receive the Order, you may not withhold additional amounts for student loan debts. If the amount being withheld is less than 25%, you should still withhold up to that limit, but contact the collection agency to advise of the reduced withholding percentage.

## **PRIORITIES**

Generally, garnishments must be satisfied in the order in which they are issued to the employer, up to the maximum amount subject to that kind of garnishment order.

- Federal student loan garnishments (such as the Order) do not have duration limitations; they do not end until (a) the debt is paid in full (NOTE: the total amount the borrower owes is more than the amount indicated on the Order under Total Amount Currently Due, because among other factors, interest continues to accrue; (b) your obligation to pay the borrower otherwise has ended; (c) a bankruptcy stay suspends the garnishment; or (c) the debt is discharged or otherwise resolved.
- Garnishments for child support or IRS tax levy take precedence over withholding for student loan debts, regardless of when they begin. If you receive a garnishment order for child support or IRS tax levy after you have received our AWG Order, contact the collection agency that issued the AWG order.

## WHEN TO STOP WITHHOLDING

### RELEASE OF ORDER

To inform an employer to stop withholding, the collection agency will send a Release from the Order of Withholding from Earnings form to the employer. A sample release form is included as **Attachment C**. The employer should continue to withhold earnings from the borrower's paycheck until notified by such a release that the employer is no longer responsible for withholding the earnings of the borrower. The employer should then complete and return the Acknowledgment of Release of Withholding form (**Attachment D**), which will be provided with the Release.

### WHEN THE BORROWER ENDS EMPLOYMENT

When a borrower for whom the employer has been withholding earnings terminates employment with their organization, notify the collection agency in writing within ten (10) business days. In addition, the employer must also supply the borrower's last known address and the name and address of his/her new employer, if known. This requirement will help so that the borrower can be located and that the new employer will be notified promptly of the withholding requirement. Income earned through termination date, and other compensation, such as severance pay is subject to withholding. Forms for this purpose (**Attachment E**) are provided in this handbook for your convenience. Please make copies as needed.

## EMPLOYER COMPLIANCE

Employers can help keep taxpayers' costs down for the student loan program by complying with these wage withholding procedures. There are penalties for non-compliance with the order and for retaliation against employees.

### NON-COMPLIANCE

If the employer fails to withhold wages following the receipt of the order, the Guarantor may sue the employer to recover any amount that such employer fails to withhold from wages due an employee, plus attorney fees, costs, and punitive damages, at the court's discretion.

### RETALIATION

Under federal law, an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual simply because that individual is subject to wage withholding. The affected employee may sue an employer who takes such action, and should the employee prevail, the court must award attorney fees, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonable and necessary.

## INQUIRIES

### CORRESPONDENCE ADDRESS

If the employer has any questions about wage withholding for defaulted student loans, please contact the collection agency that issued the Order of Withholding from Earnings.

### **PUBLIC LAW 102-164, as amended by Public law 109-171; 20 U.S.C. 10959(a) et seq.**

#### **Wage Garnishment requirement**

##### (a) Garnishment requirements

Notwithstanding any provisions of State law, a guaranty agency, or the Secretary in the case of loans made, insured or guaranteed under this subchapter that are held by the Secretary, may garnish the disposable pay of an individual to collect the amount owed by the individual if he or she is not currently making required repayment under a repayment agreement with the Secretary, or, in the case of a loan guaranteed under part B of this subchapter on which the guaranty agency received reimbursement from the Secretary under section 1078(c) of this title, with the guaranty agency holding the loan, as appropriate, provided that -

(1) the amount deducted for any pay period may not exceed 15 percent of disposable pay, except

that a greater percentage may be deducted with the written consent of the individual involved;

(2) the individual shall be provided written notice, sent by mail to the individual's last known address, a minimum of 30 days prior to the initiation of proceedings, from the guaranty agency or the Secretary, as appropriate, informing such individual of the nature and amount of the loan obligation to be collected, the intention of the guaranty agency or the Secretary, as appropriate, to initiate proceedings to collect the debt through deductions from pay, and an explanation of the rights of the individual under this section;

(3) The individual shall be provided an opportunity to inspect and copy records relating to the debt;

(4) the individual shall be provided an opportunity to enter into a written agreement with the guaranty agency or the Secretary, under terms agreeable to the Secretary, or the head of the guaranty agency or his designee, as appropriate, to establish a schedule for the repayment of the debt;

(5) the individual shall be provided an opportunity for a hearing in accordance with subsection (b) of this section on the determination of the Secretary or the guaranty agency, as appropriate, concerning the existence or the amount of the debt, and, in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), concerning the terms of the repayment schedule;

(6) the employer shall pay to the Secretary or the guaranty agency as directed in the withholding order issued in this action, and shall be liable for, and the Secretary or the guaranty agency, as appropriate, may sue the employer in the State or federal court of competent jurisdiction to recover, any amount that such employer fails to withhold from wages due an employee following receipt of such employer of notice of the withholding order, plus attorney's fees, costs, and, in the court's discretion, punitive damages, but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph;

(7) if an individual has been reemployed within 12 months after having been involuntarily separated from employment, no amount may be deducted from the disposable pay of such individual until such individual has been reemployed continuously for at least 12 months; and

(8) an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding in accordance with this section by reason of the fact that the individual's wages have been subject to garnishment under this section, and such individual may sue in a State or federal court of competent jurisdiction any employer who takes such action. The court shall award attorney fees to a prevailing employee, or order such other remedy as may be reasonably necessary.

(b) Hearing Requirements

A hearing described in subsection (a)(5) shall be provided prior to issuance of a garnishment order if the individual, on or before the 15th day following the mailing of the notice described in subsection (a)(2), and in accordance with such procedures as the Secretary or the head of the guaranty agency, as appropriate, may prescribe, files a petition requesting such a hearing. If the individual does not file a petition requesting a hearing prior to such date, the Secretary or the guaranty agency, as appropriate, shall provide the individual a hearing under subsection (a)(5) upon request, but such hearing need not be provided prior to issuance of a garnishment order. A hearing under subsection (a)(5) may not be conducted by an individual under the supervision or control of the head of the guaranty agency, except that nothing in this sentence shall be construed to prohibit the appointment of an administrative law judge. The hearing official shall issue a final decision at the earliest possible date, but not later than 60 days after the filing of the petition requesting the hearing.

(c) Notice requirements

The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

(d) Disposable pay defined

For the purpose of this section, the term disposable pay means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by law to be withheld.

(Pub.L. 89-329, title IV, § 488A, as added Pub.L. 102-164, as amended by Public law 109-171; 20 U.S.C 1095(a) et. Seq., Title VI. § 605(a), Nov. 15, 1991, 105 Stat. 1066.)

## **PRIVACY ACT NOTICE**

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the requested information is 4 C.F.R. Section 101.
2. The principal purpose and routine use of the information is to evaluate your ability to pay the government's claim.
3. Disclosure of the information is voluntary; failure to disclose will result in demand for payment in full.
4. Section 7(a)(2) provides that an agency may continue to require disclosure of an individual's social security number (SSN) as a condition for the granting of a right, benefit, or privilege provided by law where the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

## **EMPLOYER INSTRUCTIONS for COMPLYING WITH THE ORDER of WITHHOLDING**

The first copy of the order is for the employer's file. The second copy is to be given to the borrower by the employer.

### **AUTHORITY of WAGE WITHHOLDING**

The Guarantor has been directed by Federal Law (P.L. 102-164, as amended by Public law 109-171; 20 U.S.C. § 1095(a) et seq), to order employers of borrowers with defaulted student loans to withhold fifteen percent (15%) of the disposable wages of those borrowers for payment of their student loans. This Federal Law expressly overrides any state law to the contrary.

### **CALCULATING DISPOSABLE PAY**

First, determine the gross earnings of the borrower, which means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise.

Then, subtract any amounts required by law to be withheld, for example, state (if applicable) and Federal income tax, and Federal FICA or OASI tax (social security). You should not include deductions for savings bonds, employee contribution to retirement plans, or health insurance, etc.

### **AMOUNT of DEDUCTION**

The order references fifteen percent (15%) of disposable pay. However, as long as the resulting figure does not exceed fifteen percent (15%) of the borrower's disposable pay, the figure may be rounded off to a flat dollar amount, particularly if payrolls are computerized and the system cannot accommodate percentages.

### **WHEN to BEGIN DEDUCTIONS and PAYMENTS**

Deductions from the borrower's pay and subsequent remittance to the collection agency should begin with the first pay period that occurs after the issuance date set forth in the Withholding Order.

### **FREQUENCY of REMITTANCE**

Although deductions must be made at each pay period, whether weekly, bi-weekly, semi-monthly, etc., remittance to the collection agency need not be made more than once each month. The employer is not required to change their normal pay and disbursement cycles to comply with the Withholding Order.

### **TERMS of the WITHHOLDING ORDER**

The employer is required to withhold the appropriate amount from the borrower's wages for each pay period from the issuance date of the Withholding Order until the employer receives a Release of the Order form or other notification from the Guarantor to discontinue wage withholding for a particular borrower.

### **WHEN the TOTAL AMOUNT of the ORDER HAS BEEN PAID**

The Guarantor will notify the employer of the final withholding payment for a particular borrower, and once a borrower's loan(s) is paid in full, the Order of Withholding will be released.

## **EMPLOYER ACKNOWLEDGMENT of WAGE WITHHOLDING OBLIGATION**

This Acknowledgment has been delivered to the employer along with the Withholding Order. The employer must complete the Acknowledgment and return it to the collection agency within ten (10) business days.

## **IF BORROWER IS NO LONGER EMPLOYED by the EMPLOYER WHEN the ORDER IS ISSUED**

Return the Order and the completed Acknowledgment of Wage Withholding form to the collection agency within ten (10) business days of this receipt to preclude any liability for failure to comply with the Order. The employer should include the borrower's last known address and, if known, the name and address of the borrower's new employer.

## **NOTICE of CHANGE of EMPLOYMENT**

Also enclosed with the Withholding Order is a Notice of Change in Employment form, which the employer should retain in their records. If a borrower subject to wage withholding terminates employment with the employer, the employer must fill out this form and, within ten (10) business days of the termination date, return it to the collection agency. Such notice will stop any further liability for deductions and payments and will provide grounds for the Release of the Withholding Order. The employer must provide the borrower's last known address and the name and address of the borrower's new employer, if known.

## **TWO OR MORE BORROWERS SUBJECT to WAGE WITHHOLDING**

Separate checks may be sent for each borrower's payment, or payments for two (2) or more borrowers may be placed in a single check, so long as the individual names, the Social Security numbers, and payment amounts are shown on the check or stub or other accompanying form.

## **LIABILITY of EMPLOYERS WHO FAIL to COMPLY WITH WITHHOLDING ORDER**

Under Federal Law, if the employer fails to withhold wages following receipt of the Withholding Order, the Guarantor may sue the employer in a state or federal court to recover any amount that the employer fails to withhold, plus attorney fees, court costs, and per the court's discretion, punitive damages.

## **LIABILITY of EMPLOYERS WHO RETALIATE AGAINST EMPLOYEES**

Also under the federal law, an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding for defaulted student loans. The affected employee may sue an employer who takes such action in a state or federal court of competent jurisdiction. If the employee prevails in such a suit, the court must award attorney fees and, in its discretion, may order reinstatement of the individual, punitive damages and back pay, or other remedies as may be reasonable and necessary.

## **PRIOR NOTICE to BORROWER**

The Guarantor has notified the borrower that his or her wages are subject to wage withholding and the borrower has been provided an opportunity to voluntarily enter into a repayment agreement or to obtain a hearing concerning the existence or amount of this debt prior to the issuance of the Withholding Order.

## **IF THE EMPLOYER HAS QUESTIONS REGARDING THE WITHHOLDING PROCESS**

Contact: The collection agency that issued the Order of Withholding from Earnings

# ATTACHMENTS AND INSTRUCTIONS



# ATTACHMENT A1

IN RE  
STUDENT LOAN DEBT OF  
«bname», BORROWER

§  
§  
§

**EMPLOYER:**

«employer»  
«empaddress1»  
«empaddress2»  
«empcity» «empst» «empzip»

### ORDER OF WITHHOLDING FROM EARNINGS

Pursuant to authority granted the <<name of guarantor>> by federal law (Public Law 102-164, as amended by Public Law 109-171; 20 U.S.C. §1095(a) et seq.), you, the employer of the borrower named below, are hereby ordered and directed to withhold income from the borrower's disposable pay from this employment for payment of defaulted student loan(s), as follows:

**Borrower:**  
**Address:**

**SS#:**

**Total Amount  
Currently Due: \$**

**Amount to Withhold:**

Employer shall deduct and pay to <<name of guarantor>> from the borrower's wages the lesser of --

- **15% from the borrower's disposable pay** for each pay period (not to exceed 15% of the borrower's disposable pay) or
- the amount permitted by 15 U.S.C. 1673, unless the borrower provides (name of guarantor) with written consent to deduct a greater amount.

**This amount shall be deducted** until the amount set forth above as the "Total Amount Currently Due", \*\* plus all further accrued interest, is fully paid.

**Time for Withholding:**

Employer is directed **to begin withholding** from the borrower's disposable pay beginning with **the first pay period** that occurs after the issuance of this Withholding Order.

**Method of Payment:**

Employer is directed to pay **all amounts withheld** on each regular pay day, no less frequently than once each month, to:

GA Name, GA Address

All payments must **identify** the borrower and the borrower's social security number.

Section 488A of the Act provides that an employer who fails to comply with a garnishment order issued under this law will be liable for any amounts that are not so withheld following its receipt, in addition to costs of suit as a result of legal action authorized under the law.

**This order of Withholding is issued on <date>**

<<name of guarantor>>

# ATTACHMENT A2

IN RE  
STUDENT LOAN DEBT OF  
«bname», BORROWER

§  
§  
§

**EMPLOYER:**

«employer»  
«empaddress1»  
«empaddress2»  
«empcity» «empst» «empzip»

## SECOND NOTICE ORDER OF WITHHOLDING FROM EARNINGS

On mm/dd/yy, <<name of guarantor>> issued an **ORDER OF WITHHOLDING FROM EARNINGS** for [Borrower's Name], BORROWER, (SSN {Borrower's SSN}) **REQUIRING THE EMPLOYER TO WITHHOLD A PERCENTAGE OF THE BORROWER'S WAGES FOR PAYMENT OF DEFAULTED STUDENT LOAN(S)**. Our records indicate this borrower is employed by your company. For your reference, a second copy of that Order is enclosed with this Second Notice.

<<name of guarantor>>'s records reflect that, as of the date of this Second Notice, **WE HAVE NOT RECEIVED THE WAGE WITHHOLDING PAYMENTS THE ORDER OF WITHHOLDING REQUIRES THE EMPLOYER TO MAKE.**

Under federal law, <<name of guarantor>> **MAY SUE ANY EMPLOYER WHO FAILS TO WITHHOLD WAGES AFTER RECEIPT OF AN ORDER OF WITHHOLDING.** If <<name of guarantor>> is forced to file suit, they are entitled to seek not just the amount an employer fails to withhold, but also attorney fees, court costs, and punitive damages. **UNLESS YOUR WITHHOLDING PAYMENT IS RECEIVED BY mm/dd/yy WITHIN THIRTY DAYS AFTER THE ISSUANCE OF THIS SECOND NOTICE, <<name of guarantor>> MUST REVIEW THIS MATTER FOR LEGAL ACTION.**

**IF THE BORROWER REFERENCED IN THE ORDER OF WITHHOLDING NO LONGER WORKS FOR YOU,** you must notify [collection agency name] to preclude liability for failure to comply with the Order. A second Employer Acknowledgment of Wage Withholding Obligation is enclosed with this Second Notice. You must fill out the appropriate spaces on the form and return it to [collection agency name] immediately so that the Order of Withholding may be released.

If you have not sent in a wage withholding payment for this borrower because **THE BORROWER'S NEXT PAY PERIOD FOLLOWING THE ISSUANCE OF THE ORDER WITHHOLDING HAS NOT YET OCCURRED,** you must fill out the pay period information on the Employer Acknowledgment and return it to [collection agency name] immediately.

**IF YOU HAVE ALREADY MADE THE WAGE WITHHOLDING PAYMENT(S) FOR THIS BORROWER,** please call [the collection agency] at the number listed below to confirm the payment was received. **YOUR COOPERATION IS ESSENTIAL TO THE SUCCESS OF THIS PROGRAM.**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS SECOND NOTICE OR THE WITHHOLDING PROCESS, PLEASE CALL [collection agency phone number].**  
**THIS SECOND NOTICE IS ISSUED ON mm/dd/yy.**

This is an attempt to collect a debt and any information obtained will be used for that purpose.

# ATTACHMENT B1

IN RE:  
STUDENT LOAN DEBT OF  
[Borrower's Name], BORROWER

## EMPLOYER ACKNOWLEDGMENT OF WAGE WITHHOLDING

I, \_\_\_\_\_, on behalf of \_\_\_\_\_  
(Name) (Employer)  
acknowledge receipt of the Order of Withholding from Earnings for \_\_\_\_\_,  
(Borrower)

\_\_\_\_\_.

- The above-named borrower is an employee of this company and payments of approximately \$\_\_\_\_\_ (15% of disposable pay) will be forwarded to \_\_\_\_\_ on a \_\_\_\_\_ basis.  
(Weekly/Biweekly/Other)
- The address this company has for the borrower is different than the address listed on the Order of Withholding. Our records reflect the address is:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- The above-named borrower is no longer employed by this company. His/Her date of termination was \_\_\_\_\_.

Borrower's Last Known Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Borrower's Subsequent Employer \_\_\_\_\_  
and Phone Number (if known) \_\_\_\_\_  
\_\_\_\_\_

(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Telephone Number)

RETURN THIS FORM  
WITHIN 10 BUSINESS DAYS TO: [collection agency name]  
[collection agency address]  
[collection agency address]

## ATTACHMENT B2

### AWG WORKSHEET INSTRUCTIONS

Use the AWG WORKSHEET to calculate the amount of withholding for each pay period. At the top of each sheet, identify the **type of pay period** (e.g., weekly, bi-weekly, monthly, etc.) and the **end date of that period** in the spaces indicated.

**LINE 1:** “Disposable pay” is determined by (a) calculating the total compensation paid or payable for the employee’s services (e.g., wages, salary, commissions, bonus, severance pay, etc.); and (b) subtracting from that amount the sum of all amounts required by law to be withheld from that compensation, such as state (if any) and Federal income tax, and Federal FICA or OASI tax (social security). You should not subtract amounts withheld for savings bonds, employee contributions to retirement plans or health insurance and the like. Also **be sure you do not subtract garnishments**; these are considered instead on LINE 7.

**LINE 2:** Under 20 USC 1095a(a)(1), the amount deducted for any pay period may not exceed 15% of disposable pay, unless the individual consents, in writing, to a greater percentage.

**LINE 3:** The Consumer Credit Protection Act (15 USC 1671 et. seq) provides that, except in certain limited circumstances, the maximum part of the aggregate disposable earnings of an individual for any workweek which is subject to garnishment may not exceed 25%.

**LINE 4:** Be sure to enter the correct Federal minimum hourly wage. As of July 24, 2009, the Federal minimum wage is \$7.25 per hour.

**LINE 5:** The Consumer Credit Protection Act excludes from garnishment a “floor” level of disposable pay per workweek in an amount equal to 30 times the Federal minimum hourly wage. Assuming a minimum wage of \$7.25 per hour, LINE 5 is, for example, \$217.50 if the employee is paid weekly; \$435.00 if the employee is paid bi-weekly; \$471.25 if the employee is paid twice per month; and \$942.50 if the employee is paid monthly.

**LINE 7:** If the employee is subject to multiple garnishments during a pay period, Federal law may limit your ability to withhold, for that pay period, the full amount called for under the Order.

**LINE 10:** Of the amounts calculated on Lines 2, 8, and 9, insert here whichever amount is lowest

**LINE 11:** You may round off the figure to a flat dollar amount, so long as the resulting figure does not exceed Line 9

# ATTACHMENT B3

## AWG WITHHOLDING WORKSHEET

For the \_\_\_\_\_ pay period ending \_\_\_\_\_  
(type) (date)

1. Enter employee's disposable pay 1. \_\_\_\_\_
2. Multiply the amount on Line 1 by 15% (.15) 2. \_\_\_\_\_
3. Multiply the amount on Line 1 by 25% (.25) 3. \_\_\_\_\_
4. Enter the applicable Federal minimum hourly wage 4. \_\_\_\_\_
5. Multiply the amount on Line 4 by 30 for each work week in the pay period 5. \_\_\_\_\_
6. Subtract Line 5 from Line 1 6. \_\_\_\_\_
7. Enter the sum of all other garnishments being withheld from disposable pay 7. \_\_\_\_\_
8. Subtract Line 7 from Line 3 8. \_\_\_\_\_
9. Subtract Line 7 from Line 6 9. \_\_\_\_\_
10. Enter the lesser of Lines 2, 8, or 9 10. \_\_\_\_\_
11. Remit the amount entered on Line 10 (Make checks payable to the collection agency that issued the Order of Withholding from Earnings.)

## ATTACHMENT C

IN RE:  
STUDENT LOAN DEBT OF  
[Borrower's Name], BORROWER

### RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS

The Order of Withholding from Earnings issued by <<Guarantor Name>> on mm/dd/yy for the borrower below is hereby **CANCELED AND RELEASED**.

Borrower:               **[Borrower's Name]**

Address:               **[Borrower's Address]**  
                             **[Borrower's Address]**

SSN:                   **[Borrower's SSN]**

FROM AND AFTER THE DATE OF THE RELEASE, THE EMPLOYER IS NO LONGER REQUIRED TO WITHHOLD INCOME FROM THE BORROWER'S PAY.

THIS RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS IS ISSUED ON mm/dd/yy.

AGENT FOR <<Guarantor Name>>: [collection agency name]



**ATTACHMENT E**

IN RE:  
STUDENT LOAN DEBT OF  
[Borrower's Name] BORROWER

**EMPLOYER NOTICE OF CHANGE IN EMPLOYMENT**

I, \_\_\_\_\_, on behalf of \_\_\_\_\_  
(Name) (Employer)  
notify [collection agency name] that \_\_\_\_\_,  
(Borrower)  
\_\_\_\_\_ is no longer employed by this company.

Date of Termination: \_\_\_\_\_

Borrower's Last Known Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Borrower's Subsequent Employer  
and Phone Number (If known):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Telephone Number)

RETURN THIS FORM  
WITHIN 10 BUSINESS DAYS TO:

[collection agency name]  
[collection agency address]  
[collection agency address]



## UNITED STATES DEPARTMENT OF EDUCATION

830 First Street, NE  
Union Center Plaza  
Washington, D.C. 20202

The following organizations have agreements with the U.S. Department of Education to participate in the Federal Family Education Loan (FFEL) Program as guaranty agencies under Section 428(b) of the Higher Education Act of 1965, as amended (HEA). The guaranty agencies on this list are authorized by section 488A of the HEA, to issue administrative wage garnishment withholding orders at a rate of 15% to employers, to recover FFEL debts owed by individuals who have defaulted on their student loan repayment obligations. This authority does not apply to Federal agencies or their employees.

American Student Assistance (Massachusetts)  
Student Loan Guarantee Foundation of Arkansas  
California Student Aid Commission  
Colorado Student Loan Program  
Connecticut Student Loan Foundation  
Education Assistance Corporation (South Dakota)  
Educational Credit Management Corporation  
Florida Department Of Education/Office of Student Financial Assistance  
Georgia Higher Education Assistance Foundation  
Great Lakes Higher Education Corporation (Wisconsin)  
Illinois Student Assistance Commission  
Iowa College Student Aid Commission  
Kentucky Higher Education Assistance Authority  
Louisiana Office of Student Financial Assistance  
Finance Authority of Maine  
Michigan Higher Education Assistance Authority  
Missouri Department of Higher Education  
Montana Guaranteed Student Loan Program  
National Student Loan Program (Nebraska)  
New Hampshire Higher Education Assistance Foundation  
New Jersey Higher Education Assistance Authority  
New Mexico Student Loan Guarantee Corporation  
New York State Higher Education Services Corporation  
North Carolina State Education Assistance Authority  
Student Loans of North Dakota  
Oklahoma Guaranteed Student Loan Program  
American Education Services/PHEAA  
Rhode Island Higher Education Assistance Authority  
South Carolina Student Loan Corporation  
Tennessee Student Assistance Corporation  
Texas Guaranteed Student Loan Corporation  
USA Funds  
Utah Higher Education Assistance Authority  
Vermont Student Assistance Corporation  
Northwest Education Loan Association (NELA)

