

Section: Business and Support
Operations

Section Number: 3.7.7

Subject: Financial Transactions: Federal
Loan Collections (Perkins,
NDSL, Nursing)

Date of Present Issue: 06/06/00

Date of Previous Issues:
08/82, 11/95

POLICY:

The procedure for the disbursement and collection of loans is as follows: All collection activities and procedures must strictly adhere to Federal Guidelines, policies, and regulations according to the Federal Register. Each program has its own regulation. Nursing Program 42 CFR Part 57; Perkins (NDSL) 34 CFR Part 674.

Business Operations will do the following:

Provides borrower with rights and responsibilities information before loan is signed. Borrower must complete rights and responsibilities and personal information sheet before loan is completed.

Mails Fall Semester Promissory Loan and information sheets to student. Loan note must be signed and paperwork completed and returned prior to disbursement of funds. Ten days prior to enrollment, loan will be applied to student's account and excess aid over charges are refunded to student as "excess financial aid." Subsequent loan advances are signed at Business Operations at the time of disbursement.

Reviews official registration report each semester for students who have withdrawn from school without notifying Business Operations.

Arranges exit interviews with departing students and provides a repayment schedule and a copy of their loan note(s). Repayment schedule and information is sent by certified mail to those who leave without interview, with one copy to be signed and returned.

Files loan notes in fireproof safe. Student signature is required at the exit interview to verify that the individual received the required information. If mailed, the signed returned Certified Mail form is proof the student received the documents.

Business Operations will follow the billing procedures required and outlined by the Federal Perkins Loan Program (34 CFR 674).

Borrower may sign "Reaffirmation of Loan" to bring account to current status. Additional collection efforts will be made before account is sent to an outside collection agency if it is determined that in-house collection will effect payment.

If collection efforts by outside collection agencies have failed, and it is determined that the borrower has assets, then legal proceedings may be brought against the borrower.

Uncollectible loans are assigned to the Department of Education according to Federal Regulations, and are no longer an asset on University records. Nursing Loans are written off according to Health and Human Services Regulations.

Grants deferments and forbearance after receipt of supportive documentation. Determines eligibility of cancellation provisions according to Promissory Notes.

Submits annual Safeguard Procedures Report to Department of Education.

Sends annual Operations Report and Debt Management Reports to Health and Human Services.

Submits annual collections information for Department of Education Fiscal Operations report.

Places holds on academic records of delinquent borrowers.

Files letters and notices in student files in Business Operations.

All letters and receipts sent from Business Operations are imprinted with "Forwarding and Address Change Requested" to keep addresses current.

