



Federal Perkins Loan Assignment Guide

Todd, Bremer & Lawson, Inc.

Educational Collections Specialists



Loan Assignments Regulations

- Section 674.50 – Assignment of defaulted loans to the United States.
 - (a) An institution may submit a defaulted loan note to the Secretary for assignment to the United States.

Important Links

- **Assignment Form**

- The approved Department of Education Assignment Form must be used bearing the appropriate expiration date (currently 11/30/2015).

- **Institutional Certification Form:**

- <http://ifap.ed.gov/eannouncements/attachments/PerkinsAssignmentInstitutionalCertFormApril2013.pdf>

Important Links

- **Borrower & Loan Information:**

<http://ifap.ed.gov/eannouncements/attachments/PerkinsAssignmentFormApril2013.pdf>

- **Assignment Procedures:**

<http://ifap.ed.gov/eannouncements/attachments/PerkinsAssignmentProceduresApril2013.pdf>

- **Assignment Instructions:**

<http://ifap.ed.gov/eannouncements/attachments/PerkinsAssignmentFormInstructionsApril2013.pdf>

Before you get started....

- 60 days before you complete the assignments
 - ❖ must recall from any outside firms
 - ❖ Withdraw from credit bureau
- 90 days prior to assignment, send notification of pending assignment to your borrowers.

Sample Notification Letter

Dear Student:

RE: Perkins Loan #123456789

At this time, the College has exhausted all collection efforts on your Federal Perkins Loan. I'm sure you realize that it is necessary for the College to receive payment on these loans in order to fulfill its commitment to this program with our current students.

This letter is the last you will receive from the College. If we do not receive a call from you by October 30, 20XX, we will begin the process of turning your loan over to the Department of Education for their collection efforts. Should you fail to contact the College, the following could result:

- You may not be able to obtain federally supported financial assistance, because of the outstanding debt.
- Withholding of your federal and/or state income tax refunds to offset the amount you owe plus all late charges and collection costs.
- Part of your salary could be garnished to offset your loan debt.

If you have any questions or require any information regarding your Perkins Loan, please do not hesitate to call me at 555-999-9999.

How to Assign

- Identify the accounts to be assigned.
 - Total amount outstanding \$25.00 or higher
 - Loan must have been accelerated
 - School has complied with due diligence procedures including at least first level of collection efforts.
- Review files for required documents.
 - Promissory note or certified copy
 - Judgment or bankruptcy documents, if applicable
 - Social Security number (***New!*** Loans made on or after 9/13/1982)

Assignment Package

- Complete Federal Perkins Assignment Form.
 - 3 copies of Assignment form
 - 2 copies of Account History.
- “Package” together assignment documents and submit.
- Assignment submissions mailed between June 21 & June 30 must have a postdated certification date of July 1 or later.

Submission Documents Checklist

- ✓ Submission Package Manifest (Required)
- ✓ Original ED Assignment Form (Required)
 - ✓ Expiration date 11/30/2015
 - ✓ New Form is posted on IFAP.
- ✓ Two photocopies of Assignment Form (Required)

Required Documentation

- ✓ The Original Promissory Note (Required)
- ✓ Judgment Information and Transfer of Judgment (Required, if applicable)
- ✓ Bankruptcy Information (Required if applicable)
- ✓ Payment History (Required)

Optional Documentation

- ✓ Disbursement Records (Optional unless the school is liquidating or if school is closing)
- ✓ Signed Repayment Schedule (Optional)
- ✓ Acceleration Notice (Optional)
- ✓ Documentation of Recall (Optional)
- ✓ Copies of Cancellation & Deferment Forms (Optional)

Original Promissory Notes

- Original Promissory Note
 - All prom notes submitted for assignment must be valid legal instruments. This includes prom notes that have been signed electronically.
 - All prom notes should contain: signatures, and dates of execution.
 - If original ink-signed prom note is no longer available and only a certified photocopy exists, the copy can be submitted.
 - *Include a statement signed by the appropriate **school official such as the Controller or VP of Finance.***

Promissory Notes Certifying Copies

“Certified True Copy”

I declare under penalty of perjury that the foregoing is a true and correct copy of the original promissory note:

Signature _____

Title _____

Date _____

No Promissory Note Available?

- If neither the original nor a photocopy is available, the loan may still be assigned. School may provide copies (front and back) of signed disbursement checks or vouchers.

Electronic Signature

- For promissory notes that were signed electronically, the school must provide to ED (upon request) to enforce the loan(s).
- May include:
 - Most recent audit must verify the extent to which your school's electronic signature authentication process meets ED's standards:
<http://ifap.ed.gov/dpcletters/gen0106.html>
 - At ED's request, provide an affidavit or certification on creation/maintenance of electronic records
 - Schools must be able to provide testimony if dispute is raised in connection with litigation

Assignment of Judgment Accounts

- Judgment Information
 - Regulations require an institution to litigate if collection efforts have failed and it can be determined that there is a reasonable expectation of collection, unless the account does not meet the requirements for litigation.
- Transfer of Judgment
 - Must be transferred to the Department of Education.
 - Some states require the institution to notify the courts.

Assignment of Bankruptcy Accounts

- Bankruptcy Information
 - If a bankruptcy petition has been filed and a ruling has not been made, the account **cannot** be submitted for assignment.
 - If a standard discharge is granted, since the loan is ineligible for discharge, it may be Assigned.
 - If the borrower files an adversary petition and it is approved by the court, the loan must be cancelled.
 - If the courts rule against the borrower, the loan is eligible for assignment.

Due Diligence Requirements and Options

- Complete Due Diligence History
 - If the institution's cohort default rate was less than 20% as of the June 30 of the second year preceding the year in which the assignment submission is made, you are not required to submit documentation of due diligence.

For example June 2013 for a June 2015 submission.

Due Diligence Must be Met if CDR is greater than 20%

- Institutions must provide the following documented proof of due diligence if applicable.
 - Grace contact letters (90/150/240)
 - Past due notices (15/45/60)
 - 90-day telephone call attempt
 - Intent to accelerate
 - Account acceleration and notice to the borrower
 - Credit Bureau reporting
 - Collection agency placement

General Instructions

- Complete form in either blue or black ink.
- Sign forms in blue or black ink – (the original and copy).
- All financial information must be entered as dollars and cents: \$3000.00 or \$303.57
- All items requiring dates must be entered as mm/dd/yyyy: 01/01/2009

The Assignment Form-OMB#1845-0048

Expires 11/30/2015

Federal Perkins Loan Program/ NDSL Assignment Form: Institutional Certification

Section A – Institutional Information

1. Name of Institution

2. OPEID Number

3. Street Address of Institution

4. City

5. State

6. Zip Code

Section B - Certification

I understand that if I knowingly make false statements or misrepresentation on this form in the course of assigning...

7. Type Name of Authorized Official

8. Telephone Number

9. Type Title of Authorized Official

10. Alternate Contact

11. Signature of Authorized Official

12. Certification Date

Sections A & B

Institutional Certification

- #2 – School OPEID #
- #7 – Name of Authorized Institutional Official
- #11 – Signature of Authorized Institutional Official
- #12 – Certification Date
 - Date of submission to the Department.
 - The loan's financial status, accrued interest, and late fees should be calculated up to this date.

Section C - Manifest

- Each package of assignments must include a manifest (list of loans) on institutional letterhead.
- Attach to the Institutional Certification Form and list all loans you are assigning.
- School name and OPEID Number must appear at the top of each page of the manifest.
- Date of first disbursement must match the first disbursement date on NSLDS.

Section C - Manifest, cont.

- Loans must agree with the manner in which they were reported initially reported to NSLDS.
- If loans included in an account were reported as one loan, list them as one loan on the manifest.
- If loans were reported as separate loans, list separately on manifest.

Package Manifest

MANIFEST

INSTITUTION NAME: SAMPLE COLLEGE

OPEID NO: 00XXXX00

BORROWER'S NAME SOCIAL SECURITY NO.	TYPE OF LOAN	INT RATE	TOTAL AMOUNT OUTSTANDING	DATE(S) OF FIRST DISBURSEMENT
CAMERON, TERRY	E	5%	3650.83	9/30/70
MASTIN, STEVE	P	5%	5358.95	4/18/90

NOTES:

The Date of First Disbursement must match the date of first disbursement on NSLDS.

Loan Types:

P for Perkins

I for National Direct Student Loans

E for National Defense Student Loans

The Assignment Form-OMB#1845-0048

Federal Perkins Loan Program/NDSL Assignment Form: Borrower and Loan Information

SECTION A – BORROWER INFORMATION

1. Current or Last Known Name (Last, First, MI)		2. Previous Name(s) (Optional)
3. Social Security Number	4. Date of Birth (MM/DD/YYYY)	5. Departure Date (MM/DD/YYYY)
6. Current or Last Known Permanent Address (Number and Street)		7. Telephone Number ()
8. City	9. State	10. Zip Code

Section A – Borrower Information

- #3 – Social Security Number
 - This is a mandatory field for loans made on or after September 13, 1982. A school ID number is not acceptable.
- #5 – Departure Date
 - The date the borrower left your institution, i.e., “Separation Date”.

The Assignment Form-OMB#1845-0048

SECTION B – COSIGNER INFORMATION (Complete if applicable)		
11. Name of Cosigner of Loan (Last, First, MI)		12. Social Security Number of Cosigner (Optional)
13. Current or Last Known Permanent Address of Cosigner (Number and Street)		14. Telephone Number ()
15. City	16. State	17. Zip Code

The Assignment Form-OMB#1845-0048

SECTION C- LOAN INFORMATION: HISTORICAL

18. Type of Loan (Check appropriate space) Perkins ___ Direct ___ Defense ___		19. Applicable Interest Rate on the Loan _____%
20. Date of Last Disbursement (MM/DD/YYYY)	21. Date Last Grace Period Ended (MM/DD/YYYY)	22. Date of Default (MM/DD/YYYY)
23 Was this loan ACCELERATED? (Check appropriate space.) If YES, provide date of acceleration. If NO, provide date this loan became fully mature (due-in). YES ___ NO ___ Date (MM/DD/YYYY) _____		
24. Was this loan LITIGATED? (Check appropriate space.) If YES, provide date and attach judgment. YES ___ NO ___ Date (MM/DD/YYYY) _____		
25. Borrower Repayment Status, if loan is not in default. In School ___ Grace Period ___ Deferment ___ Repayment ___		
26. Reason this loan is being assigned or has been determined uncollectable. (Check appropriate space) Hardship _____ Incarceration _____ Unemployment _____ Liquidation _____ Refusal to Pay ___ Address Unknown ___ Total and Permanent Disability _____ Other (Please Explain) _____		

Section C – Loan Information

Historical

- #18 – Type of Loan
 - Perkins 07/01/87 to date
 - Direct 07/01/72 to 6/30/87
 - Defense 1958 to 6/30/72
 - Date of last advance must agree with these time periods.
- #21 – Date Last Grace Period Ended
 - Check deferment forms to see if benefits have been granted. If so, the date of default cannot be prior to the grace end period.

Loan Information

- #22 – Date of Default
 - This is the date following the day the payment was due and not received.
- #23 – Date of Acceleration or Maturation.
- #26 – Reason Loan has been determined uncollectible.
 - Hardship, Incarceration, Unemployment, Refusal to Pay, Address Unknown, Other (if checked explain)

The Assignment Form-OMB#1845-0048

SECTION D – LOAN INFORMATION: FINANCIAL

27. Disbursement Amount \$ _____	28. Principal Amount Adjusted \$ _____	29. Principal Amount Repaid \$ _____
30. Principal Amount Cancelled \$ _____	31. Principal Amount Outstanding (27 less 28, 29, & 30) \$ _____	32. Collection Costs Repaid \$ _____
33. Interest Repaid \$ _____	34. Interest Cancelled \$ _____	35. Interest Due \$ _____
36. Collection Costs/Penalty/Late Charges \$ _____	37. Total Amount Outstanding (Sum of Items 31, 35, and 36) \$ _____	

Section D – Loan Information

Financial

- #27 – Total Principal Amount Granted
- #28 – Principal Amount Adjusted
 - Any amount refunded, recovered or never disbursed which would reduce the principal.
- #31 – Principal Amount Outstanding
 - Total Principal balance (principal amount loaned – principal refunded, amount repaid, & cancelled.
- #37 – Total Amount Outstanding
 - Sum of Principal amount outstanding, Interest due, Collection costs, Penalty/Late charges due.

The Assignment Form-OMB#1845-0048

SECTION E – CANCELLATION INFORMATION (Optional)

Cancellation(s) Granted for this Loan

38. Type of Cancellation	39. Percentage Rate	40. Principal Cancelled	41. Interest Cancelled	42. Cancellation Service Start Date (MM/DD/YYYY)	43. Cancellation Service End Date (MM/DD/YYYY)

Section E – Cancellation Information

- #38 - 43 Cancellations
 - If there have been no cancellations, either leave blank or draw a line through the boxes.
 - Deferment information is no longer a requirement. If you would like to provide it with your assignments you may provide it in addition to the assignment form requirements.

Mailing of Assignments

After 11/1/13, defaulted assignments should be mailed to:

ECSI Federal Perkins Loan Servicer
181 Montour Run Road
Coraopolis, PA 15108

- Borrower should call: (866) 313-3797
- Schools should call:(866) 313-4130
- For loans assigned before 10/1/13 call: (800) 621-3115

Payments Received after Assignment Acceptance

- **All payments you receive after the loan is accepted for assignment must be sent to:**
 - United States Department of Education
 - ECSI Federal Perkins Loan Servicer
 - PO Box 105765
 - Atlanta, GA 30348-5765
- **Each payment must clearly identify:**
 - ✓ Borrower's full name
 - ✓ Social Security Number
 - ✓ Type of loan to which the payment is to be applied.

Resubmission Procedures

- If ED returns the files, you may still correct the information and resubmit if you do so within 45 days.
 - Use the same Assignment form, make the necessary changes and initial by each change in BLUE or BLACK ink only.
 - If account is resubmitted more than 45 days after date of return, change the Certification Date and Interest Amount Due!

Resubmission Procedures

- “Resubmission” must be clearly written on the envelope.
 - An Assignment Submission package manifest must be included along with the “Corrections Worksheet” that was returned.

Cure Process

- Use if you have loans rejected due to missed due diligence.
- Specific procedures for the Cure Process outlined on page 13 of the Procedures.
- Is the equivalent of reworking the loan.
- Label each assignment form as “Due Diligence Using Cure Process” at the top of each form.

TPD Assignments

- Beginning 7/1/13, all borrowers requesting Total and Permanent Disability (TPD) should submit their discharge application directly to the Department of Education's TPD sub-contractor, Nelnet.
- Website for TPD Info:
<http://www.disabilitydischarge.com>

TPD Website

Enter your username to login

Sign In

Home

TPD 101

Application Process

FAQs

Apply Now

Total and Permanent Disability (TPD) Discharge

Welcome to the online information resource center for TPD discharge of William D. Ford Federal Direct Loan (Direct Loan) Program loans, Federal Family Education Loan (FFEL) Program loans, Federal Perkins Loan (Perkins Loan) Program loans, and Teacher Education Assistance for College and Higher Education (TEACH) Grant Program service obligations.



Learn More About TPD



TPD 101



Application Process



Ready to Apply?

TPD Designated Contact

- All Institutions should have updated NSLDS with a designated contact person for TPD
 - Deadline was 6/30/13
 - See May 24th 2013 IFAP E-Announcement Publication

<http://www.ifap.ed.gov/eannouncements/052413TPDDITPDLHNFileforUseBeginning070113.html>

- Nelnet uses TPD Loan Holder Notification File
 - Secure email attachment

Sample TPD Notification

20140814	111223333	Sample Borrower	19690326	N/A	111122	APPAPPR*	STD	20140612	20140812
20140814	111223333	Sample Borrower	19690326	N/A	111122	APPAPPR *	VET	20140722	20140827

*Reason Codes:

- 120SUSP
- INDEFSUSP
- APPAPPR
- APPREJ
- DISCRG

TPD Assignments

- If TPD Loan Holder Notification File includes APPRAPP Reason Code, the school has 45 days to assign the loan to ED (Nelnet).
- Do not include the TPD Application.
 - Remember, borrowers should be referred to the Disability Discharge web site for the appropriate forms.

TPD Forms

- The same Department approved forms are used for TPD assignments. Include:
 - Manifest
 - Institutional Certification Form
 - Borrower & Loan Information Form

TPD Required Documentation

- ✓ The Original Promissory Note (Required)
- ✓ Judgment Information and Transfer of Judgment (Required, if applicable)
- ✓ Bankruptcy Information (Required if applicable)
- ✓ Payment History (Required)

TPD Optional Documentation

- ✓ Disbursement Records (Optional unless the school is liquidating or if school is closing)
- ✓ Signed Repayment Schedule (Optional)
- ✓ Acceleration Notice (Optional)
- ✓ Documentation of Recall (Optional)
- ✓ Copies of Cancellation & Deferment Forms (Optional)

Section C – Loan Information

- #26 – Reason loan is being assigned
 - Total and Permanent Disability

Mailing of TPD Assignments

- Send assignments to:
U.S. Department of Education
121 South 13th Street, Suite, 201
Lincoln, NE 68508

Email: disabilityinformation@nelnet.net

Phone: 888-303-7818

Fax: 303-696-5250

Payments received after TPD Assignment

- Return any payments received after the loan has been assigned for TPD to the sender.

TPD VA Discharge

- Only non-veteran TPDs are assigned to Nelnet.
- If borrower is TPD based on documentation from the VA, the borrower may be eligible for a discharge. ***DO NOT assign these!***
- The loan will be discharged, if eligible.
- Nelnet will provide the effective date.

TPD Important Links

- Electronic Announcement:

<http://ifap.ed.gov/eannouncements/061213TPDDischargeInfoPerkinsAssignmentProceduresEffectiveJuly12013.html>

- TPD Procedures:

<http://ifap.ed.gov/eannouncements/attachments/PerkinsTPDDischargeAssignmentProceduresAttach.pdf>

Liquidation Procedures

- Notify the Perkins Liquidation Team
 - Written notification
 - Email notification – perkinsliquid@ed.gov
- Begin the assignment of loans to ED
- Liquidation procedures:
<http://ifap.ed.gov/eannouncements/attachments/PerkinsLoanLiquidationProceduresApril2013.pdf>
- Instructions for Returning Perkins Funds to ED:
<http://ifap.ed.gov/eannouncements/attachments/PerkinsLoanLiquidationProceduresApril2013.pdf>

Recent Electronic Announcement

- April 22, 2015
- Electronic Processing Option for Perkins Loan Assignments Planned for Fall 2015
 - Over the past two years we have been evaluating the existing paper-based Perkins Loan assignment process and developing a new electronic Perkins Loan assignment process.
 - Later this year, schools will have the option to submit Perkins Loan assignment information and supporting documentation electronically which will reduce paper processing.

Electronic Assignments

- With the electronic Perkins Loan Assignment process, authenticated users will complete the Perkins Loan Assignment Form online using the new Perkins Loan Assignment System (PLAS).

Electronic Assignments

- The Perkins Loan Assignment System will allow authenticated users to:
 - Submit multiple loans as a “batch file” or submit individual loans
 - Securely upload supporting documentation (promissory notes, payment histories, etc.)
 - Search, view, and edit submitted loan assignment information
 - View reports of Perkins Loans that have been accepted or rejected for assignment

Electronic Assignments

- **Implementation Plans**

- ***Summer 2015*** – End-user materials for PLAS will be provided to schools and servicers.

- ***Fall 2015*** – Schools will be able to use PLAS to submit Perkins Loan assignments and supporting documentation.



QUESTIONS?

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