



10 THINGS YOU NEED TO KNOW ABOUT PERKINS LOANS

1. How Are Loans Made?

- All Perkins, HPSL and NSL funds are granted by the Federal Government.
- Colleges and Universities apply for monies to be lent to eligible borrowers for academic studies.
- This creates a loan fund.
- These funds should be repaid according to the loan provisions.
- It is a revolving fund – borrowers that repay their loans go back into the Perkins fund to lend out to new students.

2. What is A Perkins Loan?

- Formerly National Defense/Direct Student Loan (NDSL) Program.
- Participating lending institutions receive funds from federal government and match these in part with their own funds.
- Federal Government supplies 2/3rds of the total funds; the schools 1/3rd.
- Very Low Interest Rate (currently 5%) and Long Repayment Term (10 years).
- Attractive cancellation provisions for selected types of teaching, employment and military service.

3. Who is Campus Partners?

- A billing service retained by the institution to perform billing and bookkeeping functions of their student loans.
- Campus Partners will send regular bills and statements or coupon books to the borrower.
- Borrowers may also elect to use e-bill, auto draft or credit card payments.
- Campus Partners provides complete student loan processing services for a number of programs including NDSL/Perkins, HPSL, NSL, and a variety of privately and institutionally funded loans.
- Services provided by Campus Partners include interim loan servicing while the borrower is in school, billing, payment processing, forms processing, correspondence with borrowers, due diligence, and reporting to other parties: collection agencies, credit bureaus, state tax boards and the Department of Education's National Student Loan Data Systems (NSLDS).

4. What can System3i and/or DataLink do for me?

- Real time, on-line updates of borrower accounts.
- Processing all payments, forms and adjustments.
- Producing a wide range of management and bookkeeping reports for lenders.
- Automatic reprocessing in the event of a backdated transaction.
- Maintains a complete, chronological history of events and transactions.

5. How Does Information Get to Campus Partners?

- Submittal options: System3i, DataLink, Mail, Fax, Email, File Transfer and FTP.
- Enter directly into System 3i or DataLink.
- Paper forms can be found at www.campuspartners.com under Downloadable Forms.
- You may File Transfer, e-mail or fax any item for processing of documents to the Customer Service Department.
- *DataDirect* -FTP - File Transfer Protocol – FTP is a process for transferring data files from one computer to another computer.
- It is used to facilitate data transfer with our customers, using a dedicated FTP server.
- This server is a full-featured FTP server operating on a Windows NT system.

- It complies with Internet standards for FTP, and customers can connect the server and transfer files using FTP client software.
- Files presented on our FTP Server will be compressed and password protected.
- Our new File Transfer on System3i is also a secure connection and safer than using e-mail.

6. What is the Students Loan Period Cycle?

Status codes:

1x: Enrolled

- 10 = Enrolled undergraduate
- 11 = Enrolled graduate
- 19 = Enrolled; past due for interest billed during enrollment

2x: Grace

- 20 = Grace following deferment
- 21 = Grace; deferred while in grace status
- 29 = Grace; past due for interest billed during enrollment or grace

4x: Repayment

- 40 = Current
- 41 = Current; special billing
- 48 = Past due; special billing
- 49 = Past due; letter indicates collection status
 - C = In collection
 - R = Returned or recalled
 - E = Eligible for manual placement
 - W = Withheld from collection

5x: Deferment

- 50 = Deferred
- 51 = Grace period following deferment
- 52 = Hardship deferment/hardship billing
- 59 = Past due for amounts billed during deferment

6x: Cancellation/Postponement

- 60 = Postponed
- 61 = Cancelled

8x: To Be Closed

- 80 = Paid in full this month
- 82 = Assigned to U.S.
- 83 = In litigation
- 84 = Filed for bankruptcy
(Chapters 7 & 11)
- 85 = Written off this month
- 86 = Filed for bankruptcy
(Chapter 13 – Wage Earner)

9x: Closed

- 90 = Paid in full
- 91 = Cancelled – disability
- 92 = Cancelled – bankruptcy
- 93 = Accepted by the U.S.
- 94 = Written off automatically
- 95 = Written off manually
- 96 = Cancelled – death

7. What are these reports?

In the Campus Partners *Reading Room*, www.campuspartners.com/documentation, look in the Service Overview Manual or the Webinar handout called All About Reports for detailed information.

8. What is Default?

- According to the Federal Perkins Regulations, a loan is considered 'in default' when the borrower fails to make an installment payment when it is due or to comply with other terms of the promissory note or written payment agreement. However, the more familiar usage is to describe loans included in the default rate.

9. What is Cohort Default?

- Based on a segment of active loans and the number of borrowers for purpose of calculating the default rate. A borrower who is billed monthly is considered in default when his/her loan is 240 or more days past due (quarterly billed loans are 270 or more days past due).
- The 2007 Cohort is made up of borrowers who entered repayment between July 1, 2005, and June 30, 2006. The day after the original grace period ends is used to determine the repayment start date.
- After becoming 240/270 days past due (240 for loans billed monthly and 270 for loans billed quarterly), a loan can be excluded from your default rate if the borrower has:
 - Voluntarily made six consecutive monthly payments;
 - Voluntarily made all payments currently due;
 - Repaid the loan in full;
 - Received a deferment or forbearance based on a condition that began prior to the loan becoming 240/270 days past due; or
 - Successfully rehabilitated the loan after becoming 240/270 days past due
- You also may exclude any loan which has been cancelled or paid-in-full because of:
 - Death or disability;
 - Bankruptcy;
 - Closed school discharge;
 - Compromise [per 674.33(e)]; or
 - Write-off [per 674.47(h)].

10. What to do at the End?

- Once the loan has been paid in full for a length of time, suggested 60 days, you should ensure there are no collection fees due, no credit balances, and no other loan overages can be assessed to. (Report to View: Paid Out/Credit Balance/ Write Off Report)
- Process any due refunds.
- If that is complete, then according to Section 674.19(e)(4)(iii): After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full, and retain a copy for the prescribed period.