

# WELCOME

## *All About Collections*

Thursday, December 11 at 2:00 p.m. EST

Moderated by

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## AGENDA

- Overview of Collection Procedures
- Things to Consider for Collections
- Interface with Collection Agencies
- Campus Partners Collection Processing
- Helpful Hints for Collections

## What are Collection Procedures?

“**Collection Procedures**”, as defined by the Department of Education (Sec 674.45), includes a more intensive effort (including litigation) to recover any amounts owed by a borrower who has not responded to the demands made part by an institution’s billing procedures.

- Reporting to national credit bureaus
- First placement process
- Second placement process

## What is Default?

A loan is considered “in default” when the borrower fails to make an installment payment when it is due or comply with other terms of the promissory note or written payment agreement.

True Default vs. Cohort Default

## **Defaulted Loans with Campus Partners:**

Loans that are considered past due have a status code of 49. A letter following this code will indicate the collection agency status.

C = in collection

R = returned or recalled

E = eligible for collection, manual placement

W = withheld from collections

## **How Campus Partners assists with your Collection Process:**

Collection Agency Interface – an automated reporting service for interactions between the school and the collection agency(ies).

Two options are available:

- Automatic Placement
- Manual Placement

## Automatic Placement

As loans become 120\* days past due, they are automatically coded for collection with the agency or agencies the school has selected.

## Manual Placement

As loans become 120\* days past due, they are automatically coded as eligible for collection.

*\*\*The number of days past due a loan must be before it goes into Collection (whether the school is using Automatic Placement or Manual Placement) is an **institutional option**. For all Federal/Perkins loan, 120 days is normally used, but the school has the option to request a different number of days. For institutional loan programs. Any number of days determined by the institution can be used.\*\**

## Campus Partners Collection Procedures:

What really happens when a borrower goes into collection?

1. If the status code is followed by a “C”, indicating that the loan is in collections:
  - a) The borrower is NOT referred to the lender unless he is disputing the placement of his account
  - b) The borrower is referred to the collection agency it is assigned
2. If the loan is in internal collection, the borrower will be referred to the school
3. When a loan is coded with an collection agency number, invoicing is stopped automatically by placing a Stop Code C or F on the loan. (*This is an institutional option.*)
4. When a loan is removed from a collection agency, the Stop Code will be automatically removed and invoicing of the loan will resume. (*This is an institutional option.*)

## **Things to Consider for Collections:**

1. How the loans will be placed with collection agency(ies) -  
*Automatic or manual placement*
2. Which collection agency(ies) you will use
3. The number of days past due a loan must be before it is placed
4. Whether invoicing by Campus Partners should continue

## **Things to Consider for Collections, (cont.):**

5. When a loan becomes current, should it remain with the agency or be removed?
6. How the amount placed in collection is to be calculated
  - Borrower Paid Collection Cost (BPCC %)
7. Whether you want to accelerate the loan at the time of collection
  - Manual vs. Automatic Acceleration
  - Deceleration
8. Whether the borrower is to pay part or all of the collection fees

## Interface with Collection Agencies:

- Portfolio Access Via the Web
- Reporting Access (*same version as the school*)
  - New Placements Report
  - Collection Agency Inventory
  - Transactions Against Loans in Collection Report
- Electronic Interface
  - Sending files via FTP

## **Reporting Access:**

### 1. New Placements Report -

- The agency version of the New Placement Report provides the collection agency with a listing of loans placed during the reporting period.
- Upon receiving this report, the collection agency should create a record or file for each loan listed. The agency should then begin collection procedures.

## **Reporting Access, (cont.):**

### 2. Collection Agency Inventory -

- The agency version of the Collection Agency Inventory provides the collection agency with an inventory of loans placed in collection for a particular institution.
- This report provides the agency with a means of verifying that its records are complete. In addition, the agency should use this report to update its records with additional amounts that became due since the last report (provided that it is authorized to do so by the school).

## **Reporting Access, (cont.):**

### 3. Transactions Against Loans in Collection Report -

- The Transactions Against Loans in Collection Report provides your collection agencies with a listing of selected transaction that posted against loans in collection during the reporting period. Transactions selected are those that might be important to the collection process and those that are the results of that process.
- The collection agency should use this report to update its records with payment and other monetary activity that occurred on the loans being collected and loans with changes of name or address.

## What Should the School Do?

- Assess Collection Agency Performance -
  - Monthly Collection Analysis Report - provides the school with a complete analysis of its past due portfolio. This report provides the institution with a comparative analysis of the effectiveness of each agency
  - Collection Agency Recovery Analysis - provides the school with a tool to monitor the effectiveness of each collection agency. Data is formatted to allow the school to identify trends in the agencies or collectors efforts, and to determine effectively when loans should be recalled and transferred between agencies.
- Compare your agencies' success
- Share results with agencies
- Changing Agencies -
  - What to do if you discontinue association with a particular agency

## **Campus Partners Collection Processing:**

- Collection Processing Input Forms
  - Collection Processing Transaction - Place/Transfer
  - Collection Processing Transaction - Remove/Withhold
  - Collection Agency Payments Transmittal
  - Fees Transmittal – ADD Collection , Other Costs, Late/Penalty
  
- Online Access to Collection Processing
  - COLL – Collection Screen
  - PLAC – Placing a Loan in Collection
  - TRNS – Transferring a Loan to Another Agency
  - RMV – Removing Loans from Collection
  - WTHD – Withholding Loans from Collection

## Helpful Hints for Collections:

1. Agency is responsible for retrieving reports weekly to loan accounts to their system
2. As agencies collect, they send the school or Campus Partners a check (we prefer Campus Partners because lapse in time is shorter).
3. Check Types:
  - **Net Check** – Agency has already taken out their fee
  - **Gross Check** – School will be responsible for paying agency
4. If overpayment, check COLL for BPCC%. If none appears, it needs to be assessed.
5. Wait 60 days after overpayments before refunding to make sure no payments are NSF
6. If school sends a list of loans to place directly to the agency, we cannot release. We must have notification from the school

***QUESTIONS?***

**Thank you for joining us!**

**Should you have questions or want additional training,  
Please contact Pattie Mastin at  
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