Truth-in-Lending Requirements: Refunding Credit Balances

On December 17, 2012, the Consumer Financial Protection Bureau published their Examination Procedures for student loans. Module 3 of these procedures references a little known Truth-in-Lending provision governing the Treatment of Credit Balances.

Section 1026.21 of the Truth-in-Lending regulations (Regulation Z) states that any overpayment (credit balance) in excess of $1.00 on a loan subject to Truth-in-Lending must be refunded to the borrower upon written request. There is also a requirement to make a good faith effort to refund “by cash, check, money order or credit to a deposit account of the consumer,” any credit balance remaining in the account for more than 6 months. The school is also required to seek the current address of the consumer, if it can be located, by using the last known address or telephone number.

Truth-in-Lending requirements apply to all private educational loans. Final Truth-In-Lending regulations for private education loans were published on August 14, 2009 and define private educational loans as “loans made expressly for postsecondary educational expenses, but excluding open-end credit, real estate-secured loans, and Federal loans under title IV of the Higher Education Act of 1965”. Based on this definition, institutional loans made by colleges and universities and HHS loans would be subject to the credit balance refund requirement. Perkins loans are not subject to Truth-in-Lending provisions.

HHS loans, which include Health Professions Student Loans (HPSL), Nursing Student Loans (NSL), Primary Care Loans (PCL), Loans for Disadvantaged Students (LDS), and Nurse Faculty Loans (NFL) programs are considered private loans. However, HHS regulations allow for an adjustment (write off) for small balance overpayments of $10.00 or less.

Therefore, this provision will have the most impact on institutional loans with remaining credit balances of more than $1.00. In light of this regulation, you may need to adjust the automatic credit balance write off on our system for your institutional programs. If you are not sure what the servicing option is for these programs, please contact your Client Relations Representative.

Revised Federal Perkins MPN Added to iPROMIse

In the November 2012 Campus Partners Update, we noted that ED published the new Federal Perkins Master Promissory Note (MPN) on October 25, 2012. Schools and servicers were required to begin using the new note by January 1, 2013. To keep your school in compliance, Campus Partners added the revised Federal Perkins MPN to our iPROMIse service on December 27, 2012. Federal Perkins borrowers signing their MPN electronically on or after that date have been presented with this MPN.

The complete Dear Colleague announcement, including Word and PDF versions of the new MPN, is available at the following link: http://ifap.ed.gov/dpcletters/GEN1219.html.
Electronic Perkins MPN Now Available

ED has published the electronic version of the Perkins MPN for schools that participate in the Federal Perkins Loan Program in *Dear College Letter GEN-12-23*. Schools using the electronic version should also review the "Standards for Electronic Signatures in Electronic Student Loan Transactions" published in Dear Partner Letter GEN-01-06 (May 2001).

Links to both announcements are included below:


Dear Colleague Letters Issued under GEN and ANN Types

Beginning January 2013, ED will issue *Dear Colleague Letters* under GEN (General Distribution Type) and ANN (Training Announcements). According to ED, there has been a decline in the use of three of the five types: CB (Campus Based), FP (Financial Partners), and P (Pell Grant Program). Therefore, beginning in January, ED retired these seldom used *Dear Colleague Letters*. Please note, however, that all *Dear Colleague Letters* published prior to January 2013 will retain the previously assigned letter ID and will still remain available.

To read this entire announcement, go to: [http://ifap.ed.gov/dpcletters/GEN1301.html](http://ifap.ed.gov/dpcletters/GEN1301.html).

Regulatory Wisdom from Sharon Cameron

**Guidance From ED on TPD Regulations Effective July 1, 2013**

In our last newsletter, we provided a summary of the Federal Perkins regulations that will become effective July 1, 2013 regarding total and permanent disability (TPD) requests. This summary is a follow up to the webinar we conducted on December 6, 2012 regarding the new total and permanent disability requests.

During that webinar, we told the group that we had contacted ED for guidance with questions related to the processing of these requests. We have now received that guidance from ED and have included it in the attachment referenced below.

Attachment: Regulatory Wisdom – Guidance from ED
COHEAO 2013 Annual Conference

COHEAO’s 2013 Annual Conference, held in Arlington, VA, was another huge success, and we are happy to report an increase in attendance.

Harrison Wadsworth, COHEAO Executive Director, opened this year’s meeting with a review of the 113th Congress and some of the new members. Wadsworth said that most likely the new budget will be delayed, and we may see activity around mid-March. He also discussed sequestration. Sequestration is a series of automatic, across the board cuts to government agencies, totaling $1.176 trillion in automatic cuts between FY 2013 – 2021. The cuts would be split, 50% from defense and 50% from nondefense programs. The sequester has been coming for more than a year, with Congress pushing it back to March 1 as part of the fiscal cliff deal at the end of the last session.

Staff from the House Education and Workforce Committee majority and minority and from the Senate Deputy Majority Leader shared their thoughts on the new Congress and what might transpire on higher education issues. Although Reauthorization of the Higher Education Act was scheduled to begin in 2013, the staff panel told the group that it will most likely not happen this year and that the Elementary and Secondary Education Act (ESEA) will go through Reauthorization first.

The panel also gave conference attendees tips on visiting Congressional offices, which took place on the second day of the conference. Campus Partners, along with other COHEAO members, visited their representatives to ask for preservation of the current Perkins program and advocate for funding for Perkins cancellations. Upon returning home, Campus Partners followed up with North Carolina representatives by providing statistics on cancellation amounts that are owed to state institutions for the fiscal year ending 6/30/2012. In the message to Senator Richard Burr (R-NC) and Senator Kay Hagan (D-NC) offices, we wrote:

"Just to provide an example: If these schools lend an average $3,000.00 to their students in Perkins funds and these funds are not reimbursed by ED, this would represent approximately 369 future NC students that may be denied an education since the money is not there to assist them."

We suggest the same approach in contacting elected officials from your state.

Brian Smith from the Office of Postsecondary Education provided an update concerning Perkins related issues. Regulations affecting Perkins loans were published November 1, 2012 regarding total and permanent disability. The intent was to streamline the process and establish a single point of contact for borrowers. These regulations are effective July 1, 2013. (See related article on total and permanent disability.)

Smith also discussed Perkins issues that are included in both Notices of Proposed Rulemaking (NPRM). ED had to split the negotiated rulemaking process in order to meet the deadlines on the master calendar. NPRM #1 included the changes to the Perkins program for total and permanent disability noted above. NPRM #2 includes proposed changes that are scheduled to be published November 1, 2013 with an effective date of July 1, 2014.

Perkins student loan issues in NPRM #2 include, but are not limited to:

* Satisfactory repayment arrangements and loan rehabilitation
* Definition of on-time payment for a Perkins loan rehabilitation as 20 days
* Ability to assign a Perkins loan without a borrower SSN if the loan was made before September 13, 1982
* Incorporation of graduate fellowship deferment eligibility criteria from FFEL regulations
* Cancellation progression for borrowers who switch cancellation categories
* Removal of debt-to-income economic hardship deferment category
* Allowance for break in cancellation service due to a Family Medical Leave Act condition

COHEAO members also set a new record for their annual Silent Auction Scholarship Fund. Each year, the COHEAO Board of Directors awards multiple $1,000 scholarships to students that attend COHEAO member institutions. For the 2013-14 academic year, COHEAO will be able to offer five, $1,000 scholarships.

Many of you may remember the late Anne-Marie Miller, Director of Government Relations, who retired from Campus Partners after over 30 years of service. The COHEAO Board of Directors named a scholarship in memory of Anne-Marie for the 2012-13 academic year.

For details on becoming a COHEAO member, please contact Wes Huffman (Washington Partners, LLC) at: whuffman@wpillc.net.

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**Remarkable Anniversaries**

Campus Partners is celebrating anniversaries of 45, 40, 35, 30, 25, and 20 years with the following customers this quarter.

**45 Years**
Barry University  
North Carolina A&T State University  
North Greenville University  
Oglethorpe University

**40 Years**
Bard College  
Culinary Institute of America  
Herzing University  
Marlboro College  
North Carolina Wesleyan College  
School of the Art Institute of Chicago  
Virginia Union University

**35 Years**
LaGrange College  
Mid-America Christian University  
Midland University  
Midway College  
Nazareth College  
Pinnacle Career Institute

**30 Years**
Longwood University  
Mid-America Christian University  
Midland University  
Midway College  
Nazareth College  
Pinnacle Career Institute
Student Loan Workshops

The schedules for Student Loan 101 and 202 workshops are presented below. Student Loans 101 is designed for recently hired student loan administrators at your school or new Campus Partners customers, while Student Loans 202 provides more advanced training. The event offers hands-on training at individual workstations and the opportunity to ask questions and receive personal attention.

<table>
<thead>
<tr>
<th>Student Loans 101</th>
<th>October 10-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Loans 202</td>
<td>July 11-12</td>
</tr>
</tbody>
</table>

**Time**

Day 1: 8:30 AM to 4:00 PM  
Day 2: 8:30 AM to 1:00 PM

**Registration Form and Information**

Download Here

**To Register**

Fax the completed registration form to Debra Pitts at 336-607-2025.
Web Conferences

Web conferences are a great way to receive training without leaving your office—and they are free of charge. Please email Debra Pitts at dpitts@campuspartners.com to register for any or all web conferences, specifying the web conferences you plan to attend.

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Web Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding and Interpreting History</td>
<td>Thursday, April 11</td>
<td>Tropicana Casino and Resort, Atlantic City, NJ</td>
<td><a href="http://www.studentabc.rutgers.edu/earma/index.php">www.studentabc.rutgers.edu/earma/index.php</a></td>
</tr>
<tr>
<td>Retention of Records: What is Required?</td>
<td>Thursday, May 16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cohort: What is it and How do I Manage it?</td>
<td>Thursday, June 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understanding and Completing the FISAP</td>
<td>Thursday, August 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where do I Start? A Month to Month Guide</td>
<td>Thursday, September</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulations Update</td>
<td>November 14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Delinquencies</td>
<td>Thursday, December 12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conference Schedule

Campus Partners staff will attend the conference listed below. Information about other conferences will be published as more details are available.

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Web Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARMA</td>
<td>April 25-26</td>
<td>Tropicana Casino and Resort, Atlantic City, NJ</td>
<td><a href="http://www.studentabc.rutgers.edu/earma/index.php">www.studentabc.rutgers.edu/earma/index.php</a></td>
</tr>
</tbody>
</table>

Cutoff Dates
Cutoff dates for March and April are listed below.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>March 2013</th>
<th>April 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last day to receive payments submitted by collection agencies</td>
<td>3/26</td>
<td>4/25</td>
</tr>
<tr>
<td>Last day to receive payments and payment transmittals sent</td>
<td>3/28</td>
<td>4/29</td>
</tr>
<tr>
<td>directly to the Campus Partners office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last day to make online payments and/or reverse payments</td>
<td>3/29</td>
<td>4/30</td>
</tr>
<tr>
<td>Last date to receive payments at our lockbox location</td>
<td>3/29</td>
<td>4/30</td>
</tr>
<tr>
<td>Date month-end processing begins</td>
<td>3/29</td>
<td>4/30</td>
</tr>
</tbody>
</table>

Attachment: Cutoff Dates 2013