

**FederalStudentAid**

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## FEDERAL PERKINS LOAN PROGRAM

### Assignment and Liquidation Guide

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# How to Use this Guide

The Federal Perkins Loan Program Assignment and Liquidation Guide (Guide) is a comprehensive publication that provides information and procedures on the assignment process of a Federal Perkins, National Direct, and National Defense Loans (Perkins Loans) to the Department. It also provides schools information and procedures on liquidation of a school's Federal Perkins Loan Program fund.

This Guide is divided into two parts and includes appendices. The first part of the Guide provides assignment procedures to schools. A school that is not liquidating its Perkins Loan Program but is assigning a loan or loans to the Department for any reason will find all the relevant information needed to do so in **Part I: The Assignment Process**. Schools should skip to Part II if assigning loans as part of liquidation.

The second part of this Guide provides liquidation procedures to schools. A school that is liquidating its Perkins Loan Program Fund will find the information on the complete process in **Part II: The Liquidation Process**. A school that is interested in learning more about liquidation can find general information about liquidation beginning on page 22. Schools may also find the appendix titled, **Appendix B: Quick Reference Guide to Liquidation Process and Data Entry Details for COD**, quite helpful. Appendix B is a quick reference guide to the complete liquidation process. The “quick guide” is an overview of the different steps under the Perkins liquidation process and explains how schools use the functionality of the Common Origination and Disbursement (COD) website to complete each step of the liquidation process.

## Part I: The Assignment Process

### **When and why assign loans to the Department?**

A school may assign any Perkins Loans (non-defaulted or defaulted) to the Department at any time during the program year. The Department recognizes that a school may have exhausted all of its available collection options on some of its defaulted Perkins Loans and encourages schools to assign these loans to the Department so that additional steps can be taken to recover the loan funds. The Department has collection tools that are not available to schools, such as administrative wage garnishment, Treasury offset, and litigation by the Department of Justice.

The Department strongly encourages schools review all loans in their portfolio and consider assigning older, non-performing, defaulted loans to the Department. Assigning older, defaulted loans to the Department does not mean a school is liquidating its portfolio and fund unless a school has submitted an official intent to liquidate and close out the program (for further information on liquidation, see Part II of this Guide).

### **What does it mean to assign loans to the Department?**

When a school assigns a loan to the Department and the loan is accepted for assignment, the school is transferring all rights and responsibility for servicing and collection on the loan to the United States government. The school relinquishes its rights to any share of amounts collected by the Department

after a Perkins Loan is assigned to and accepted by the Department. All future payments will be made to the Department and the borrower will receive notification of the change of loan holder and where to send payments.

## **How are loans assigned to the Department?**

### ***Assigning Loans without Recompense***

All loans that a school assigns to the Department are assigned without recompense. The Department will not reimburse the school's program Fund for the loans. All rights, authorities and privileges associated with the loan are transferred to the Department. The school is relieved of incurring additional expenses in attempting to collect on the loan. Any funds collected by the Department on these loans are the property of the United States government.

### ***Reconciliation***

A school must ensure that its loans are properly accounted for and updated on the National Student Loan Database System (NSLDS) at all times. It is the school's responsibility to ensure that the required reporting to NSLDS, including Perkins Loan account detail, is completed timely and accurately. Schools that use a third-party servicer must communicate the reporting requirements to their third-party servicer and ensure that the servicer complies with timely and accurate reporting. It is important for schools to understand that they are responsible for any non-compliance by the servicer. Schools should request a reconciliation report from NSLDS to ensure the school's records are consistent with NSLDS, reconcile any discrepancies, and update NSLDS accordingly. We recommend schools to complete this reconciliation with NSLDS at least quarterly. The school should request a Perkins Loan Reconciliation Report (REC005) from the [NSLDS Professional Access website](#) and reconcile its records against the report to ensure its outstanding portfolio has been accurately reported to NSLDS. Detailed instructions for requesting and formatting the REC005 extract file can be found in the NSLDS Perkins Extract by Parameters Extract File Layout for Schools on the [NSLDS Record Layouts](#) page of the IFAP website.

The total amount of loans and number of borrowers on NSLDS should reconcile with the school's records, its third-party servicer records, and what is reported on its Fiscal Operations Report and Application to Participate (FISAP).

If your school identifies an NSLDS reporting error(s), work with your third-party servicer to correct the error(s) and update NSLDS. If you are a self-reporting school and do not use a third-party servicer, make the corrections in NSLDS with your next monthly batch submittal, or by using the Perkins spreadsheet submittal tool on the NSLDS Professional Access website. Details and instructions for using the spreadsheet submittal tool can be found under "NSLDS Perkins Loan Submittal" on the IFAP website at <https://ifap.ed.gov/ilibrary/document-types/nslds-perkins-loan-submittal>.

### ***Notify Borrowers***

Prior to a school assigning a loan to the Department, the loan borrower(s) must be given at least a 30-day notice by email or mail. Occasionally, this notification results in payments from borrowers who have been unwilling to make payments in the past. If a payment is received, the school or its servicer must process that payment as normal and be sure to accurately reflect any payments received on the assignment form when it is prepared. If a payment is received after the school or servicer has sent the loan to the Department for assignment, the school or servicer recipient should deposit the payment

immediately into its designated Perkins Fund and await official notification of acceptance from the Department's Federal Perkins Loan Servicer - ECSI. The wording in this sample notification below may be used.

**SAMPLE NOTIFICATION – DEFAULTED LOAN**

[Date]

From: [School – Email/Address]

To: [Borrower Name]

[Borrower – Email/Address]

Dear Federal Perkins, NDSL, or Defense Loan Borrower:

At this time, the [**school name**] has decided to transfer your Federal Perkins (or NDSL or Defense) Loan to the U.S. Department of Education (the Department) for collection. This letter is the last you will receive from the [**school name**]. You must continue making your payments to [school name or servicer name] at this time.

Once the assignment of your Federal Perkins Loan(s) to the U.S. Department of Education is complete, you will receive notification from ECSI, the new **Federal Perkins Loan Servicer – ECSI**. ECSI will provide information on where to send your payments as well as contact information for assistance.

**Paper or Electronic Submission**

Schools can elect to complete and submit assignments either manually by paper or electronically by using the Department's Perkins Loan Assignment System (PLAS), the web-based option which allows schools to send multiple loans in a batch process or one by one through an on-line, web-based form.

**Access to PLAS**

To use PLAS, the school must designate an individual who is already authorized and able to log in to Federal Student Aid (FSA) systems to act as the Primary Destination Point Administrator (DPA). The DPA can request access to PLAS for other users at the school. To obtain a PLAS security access form and learn more on using PLAS, visit <https://efpls.ed.gov/PLAS/>.

The DPA requesting access for the school will be required to provide their school OPEID, name, title, email address, phone number, and FSA two-factor authentication serial number. The form must be printed and signed by a supervisor. The signed form can then be either scanned and emailed to [plasaccess@efpls.ed.gov](mailto:plasaccess@efpls.ed.gov) or mailed to:

ECSI Federal Perkins Loan Servicer  
Attn: PLAS Access Requests  
100 Global View Drive, Suite 800  
Warrendale, PA 15086

**NOTE:** These procedures only provide an overview of PLAS. For more detailed information on how to use the system, please refer to the ECSI PLAS User Guide, Appendix D. When a school signs up for PLAS, ECSI can assist with how to get started.

## **Required Documentation for Loan Assignments**

Perkins loan assignments must include the following documentation. More detailed information about each of the documentation requirements are provided in subsequent sections below. **NOTE:** If a borrower has more than one loan being assigned, separate supporting documentation must be included for each loan.

- Assignment Manifest
- Perkins Assignment Form
  - Institutional Certification (OMB 1845-0048)
  - Borrower and Loan Information (OMB 1845-0048)
- Original Promissory Note or Perkins Master Promissory Note (MPN)
- Repayment History
- Judgment Information (If applicable)
  - copy of notification letter sent by the school to the judgment debtor
- Bankruptcy Information (If applicable)

### ***What to do if you have missing or defective documentation or other extenuating circumstances***

Explanations concerning missing or defective (e.g., incomplete, not signed) promissory notes, require affirmative approval by the Department. An individual explanation must be emailed to [PerkinsLoanAssignments@ed.gov](mailto:PerkinsLoanAssignments@ed.gov) for each account requiring review. The school should explain the reason for requesting approval for a missing or incomplete promissory note and the school should affirm to the Department that it searched all its records and the document does not exist. The explanation should detail the alternate documentation the school is including for this review. The school should submit a completed assignment form, include supporting documentation that proves the borrower acknowledges the debt (evidence of payment, deferment, forbearance, cancellation requests, etc.), and provide additional documentation that would substantiate the debt made by the school, e.g., copies (front and back) of signed disbursement checks or vouchers.

You must protect any documents containing sensitive personal identifiable information by encrypting the email or by encrypting any attachments when sending information via email. Any email containing personal identifiable information that is NOT protected will be deleted and the sender notified to resubmit information with appropriate encryption.

The Department will review and evaluate the request and either approve or deny the request by sending an emailed response to the school. Denied requests may result in the school having to purchase the account(s). If the school receives the approval for alternate documentation, the school should include the approval email and the exact documentation that was approved with the assignment package sent to ECSI. There may be instances where ECSI will contact a school and require additional documentation (unrelated to the approval for missing or incomplete promissory notes) before the loan can be assigned.

## ***Perkins Loan Assignment Form***

For manual assignment submission by paper, the official Perkins Loan Assignment Form (OMB-1845-0048 form) must be used. The assignment form and instructions are available on the IFAP website at <https://ifap.ed.gov/campus-based-processing-information>.

The Perkins Loan Assignment Form must be completed according to the form's instructions for every outstanding loan being assigned. Please read and follow these instructions carefully. For schools that utilize a third-party servicer for the assignment form completion, a servicer may use its system to populate the required assignment form information. Schools and servicers are not permitted to alter the official OMB 1945-0048 form (Assignment Form). Check with your servicer if you contract with them to complete the assignment form information.

A school is required to complete only one Institutional Certification page of the Perkins Assignment Form for each assignment submission package when using the paper assignment process. The Institutional Certification page must bear the original signature of the school official who is authorized to transfer the institution's assets. For schools that choose to utilize PLAS, an automated certification process is built into the online submission process.

The Borrower and Loan Information page of the Perkins Assignment Form should be completed for each loan included in the submission package. If submitting assignments electronically using PLAS, the borrower and loan information is completed online.

Detailed instructions for completing the Perkins Assignment Form are provided in *Appendix C, INSTRUCTIONS FOR ASSIGNMENT FORM OMB-1845-0048*. Please read and follow these instructions carefully.

### ***Assignment Manifest***

Each submission package must include a manifest listing the accounts submitted. See Section C of the Institutional Certification page of the Perkins Assignment Form for detailed instructions on the contents and format of the manifest.

If using PLAS for assignment and submission online, the PLAS system will automatically generate this information and create the manifest for you, which will include the assignment's batch and sequence numbers. This manifest must be attached to the supporting documentation mailed to the Federal Perkins Loan Servicer, ECSI.

#### ***Separate or Bundled Loans:***

- **Loans Made Prior to July 1, 2008:** If an account was bundled (more than one loan was initially reported to NSLDS as one loan), these loans should be listed on the manifest as one loan.
- **Loans Made On or After July 1, 2008:** Loans made on or after July 1, 2008 should have been reported to NSLDS individually and not combined or bundled with another loan(s). Loans made on or after July 1, 2008 must be individually submitted for assignment.

Reporting loans on the manifest in the same manner as they were reported to NSLDS reduces the possibility of loan matching errors in NSLDS.

### **Original Perkins Promissory Note**

Original Perkins promissory notes are required for all loans, if available. All promissory notes submitted for assignment must be valid legal instruments. The promissory notes must contain signatures, loan amounts, and dates for each loan period. Perkins Master Promissory Notes (MPNs) must contain the borrower's signature and the principal amount loaned must be substantiated by institutional disbursement records.

At some schools, audits and program reviews may have already identified defective or invalid notes (e.g., incomplete, not signed). These loans may not be assigned without approval from the Department. The school may still assign the loan by following the procedures below for assigning loans with missing or defective promissory notes. If no copy of a promissory note exists, follow the procedures as outlined above under the section titled, "*What to do if you have missing or defective documentation or other extenuating circumstances*".

### **Electronically signed promissory notes**

If a school is assigning a Perkins Loan promissory note that was signed electronically, your school's most recent audit must verify the extent to which your school's electronic signature authentication process meets the Department's Standards for Electronic Signatures in Electronic Student Loan Transactions. In addition, at the Department's request, your school must provide an affidavit or certification regarding the creation and maintenance of the electronic records of the loan or loans assigned to the Department in a form that is admissible in a legal proceeding. Your school should be able to produce an exact replica of what the student originally signed. Your school may also be required by the Department to provide testimony by an authorized official of the school to ensure the admission of the electronic records of the loan in any legal proceedings. Your school must cooperate with the Department in all activities necessary to enforce the loan.

### **Missing original promissory note**

If an original promissory note is missing, a "Certified True Copy" of the front and back of the promissory note may be submitted in lieu of the missing note.

### **A "Certified True Copy" of a promissory note**

If the original promissory note is no longer available and only a photocopy exists, the photocopy (front and back) may be submitted with the following statement, signed by an appropriate institutional official such as the Controller or Vice President of Finance, appearing on the photocopy:

"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:

If no copy exists and a school has extenuating circumstances for not having maintained a copy, follow the procedures as outlined above under the section titled, *Request approval for missing or defective documentation or other extenuating circumstances*.

### ***Multiple loans on one note***

If a school has a National Defense Student Loan and a National Direct Student Loan on the same promissory note, or the promissory note includes more than one interest rate for the same borrower, or different individuals co-signed parts of the same promissory note, each loan must be treated as a separate loan even though the loans are on the same promissory note. In this situation, a school should make a certified true copy of the original promissory note (as previously instructed) and include the original promissory note with one loan and the certified true copy with the other loan(s).

Attach a clarifying statement with the certified true copy indicating that the original promissory note is attached to one of the borrower's other loans included in the assignment package. (Please specify Federal Perkins, Direct, or Defense Loan). A separate Perkins Assignment Form, along with supporting documentation, must be completed for each note with different terms.

With the exception of an MPN, any assignment where one promissory note represents two loans for any reason other than that described in the preceding paragraph will not be accepted without the approval of the Department.

### ***Repayment Records***

A copy of the student's loan repayment history (financial profile of the account) must be provided. Such a repayment history includes a record of all payments made, on a payment-by-payment basis, how individual payments were applied (such as what portion of the payment was applied to principal, what portion was applied to interest, etc.), and requests for cancellation, forbearance or deferment, if available. Each payment history may also include total amounts for each of these areas of payment application. A key to interpret the repayment history should be provided as an attachment to any printout. Such a key will assist in the interpretation of every accounting transaction that appears on the repayment history.

### ***Disbursement Records***

Disbursement records, showing the amount and date of each disbursement of a borrower's Perkins Loans, may be needed to enforce a Perkins MPN. Disbursement records are required when assigning any loans made using a Perkins MPN.

Schools not liquidating or closing that assign defaulted loans are required to maintain disbursement records at the school for at least three years from the date the loan is canceled, paid-in-full, or otherwise satisfied.

### ***Judgment Information (if applicable)***

If a school has initiated legal action against a borrower as part of its collection efforts, the loans of that borrower cannot be assigned to the Department until the litigation is completed and a judgment is rendered for the institution and against the borrower or endorser or the judgment is denied. If the institution chooses to assign the loan immediately, the legal action will need to be withdrawn from the courts.

The Department does not accept assignment of loans for which the institution has obtained a judgment unless the institution transfers the original or a certified true copy of the judgment to the Department with the Perkins assignment form.

To make the judgment enforceable by the U.S. Department of Education as assignee, some states require the school, as holder of the judgment, to notify the court that rendered the judgment of the assignment. Other states have no such requirement. If unsure of the rules of the state, the school's attorney should contact the office of the court clerk to inquire about any such requirements.

If the state the judgment was entered in does not require that the judgment be assigned through the court, the following sample statement should accompany the judgment in order to affect the transfer:

### **Sample Statement**

"All rights, title, and interest of the undersigned in this judgment are hereby assigned to the U. S. Department of Education. U. S. Department of Education shall have the exclusive right to enforce or release this judgment or any liens created thereby without limitation. Assignor/ [Name of School] certifies that it has complied with any applicable state requirements for the assignment of judgements."

Any judgment that is included as part of an assignment package must cite the interest rate and expiration date. In many states, judgment interest rates and expiration dates are set by state law and thus may not be contained within the individual judgment. If the interest rate or expiration date does not appear within a judgment submitted by a school as part of its assignment package, the school's attorney or the authorized official assigning the loan must provide this information in a separate signed statement. A copy of such a signed statement must be provided with each account.

**NOTE:** Prior to reporting judgment data on the Perkins assignment form, a school should prepare for its records a breakout of principal, interest, etc., from any judgment that combines these amounts, to what it was at the time of the litigation, and then follow these remaining steps:

1. Enter the interest rate as assigned by the court into Item #19 "Applicable Interest Rate"
2. Enter all payments applied to principal (both before and since the judgment) into Item #29 "Principal Amount Repaid"
3. Enter all payments applied to collection costs provided by the judgment into Item #32 "Collection Costs Repaid"
4. Enter all payments applied to interest (both before the judgment at the interest rate of the note, and since the judgment at the interest rate provided by the judgment) into Item #33 "Interest Repaid"
5. Enter any litigation or court costs, if awarded by the court that do not represent principal, interest, or collection costs, into Item #36 "Collection Costs/Penalty/Late Charges"
6. Enter any reductions made by the court to the principal or interest sought into Item #29 "Principal Amount Adjusted" or Item #33 "Interest Repaid", as applicable.

If, for any reason, the amount of the judgment that the court awarded represents a reduction from the amount sought by the institution, and it is not clear whether that reduction stems from a reduction of

principal, interest, or collection costs, etc. THE ACCOUNT MAY NOT BE ASSIGNED. Any account for which Section D ("Loan Information: Financial") does not reconcile with the amount of any submitted judgment less any subsequent payments WILL BE REJECTED.

If the amount of the judgment represents a combination of Perkins loan(s) and other institutional debts, the institution must provide the outstanding balance and interest rate of the Perkins Loan that was included in the judgment and the institution releases its claim on any unpaid institutional debts covered by the judgment when the institution assigns the judgment to the Department. **NOTE:** Section 484A (20 USC 1091a) deals with the statute of limitations for student loans and state court judgments on student loans. In 1991, the amendments to the Higher Education Act of 1965, as amended (HEA), eliminated the previous 7-year time limitation on the collection of student loans regardless of any other statute, regulation or administrative limitation. Thus, under section 484A, if a holder of a loan obtained a judgment on a student loan account, and the judgment expired 10 years ago—despite the expiration of the 10 years, the judgment could still be enforced and collected in the 11th year and thereafter. Section 484A(a) applies to all judgments not just state court judgments. For judgments that expired prior to April 9, 1991, the school does not have to assign rights of the judgment to the Department of Education. The school must transfer the rights to the Department for all active judgments.

### ***Bankruptcy Information (if applicable)***

If a school receives notification that a bankruptcy petition has been filed prior to the time the school submits the loan to the Department, the account cannot be assigned until the court has ruled on the bankruptcy petition except in the case of a school that is liquidating or closing. If the school is not liquidating or closing, it cannot assign any account pending a bankruptcy decision by the court.

A school that is officially liquidating its program or is closing can submit an account for assignment pending a bankruptcy decision but must first withdraw the proof of claim from the bankruptcy court to which the proof of claim was filed. This information may be verifiable through the Public Access to Court Electronic Records (PACER) system. If you are unsure if a proof of claim was filed or unsure how to withdraw a claim with the bankruptcy court, you should consult with your school's attorney. Once the proof of claim has been withdrawn, the loan can be submitted for assignment to the Department. All documents related to the bankruptcy filing must be included in addition to any communication that confirms the proof of claim was withdrawn from the courts.

If the court rules that the loan can be discharged, the account should not be assigned and may be eligible to be written off the institution's records as a bankruptcy.

If the court rules that the loan cannot be discharged, the account is then eligible for assignment to the Department. All documentation supporting the court decision must be included with the assignment submission. This would include any documents received from or sent to the bankruptcy court. If you are unsure of the type of bankruptcy petition filed or the loan's eligibility for discharge, you should consult with your school's attorney.

If the institution has received documentation that the bankruptcy petition has been dismissed, the account is eligible for assignment. All bankruptcy and dismissal documents must be included with the assignment submission.

If the institution receives a petition for bankruptcy **after** the Department has accepted the loan for assignment, the notice must be forwarded to the ECSI Federal Perkins Loan Servicer. See *Appendix A, Information Sources for further information*.

A discharge in bankruptcy prevents further enforcement of the obligation against the borrower. Any cosigner is still legally responsible for the debt. The institution must perform all due diligence requirements with respect to the cosigner prior to attempting assignment to the Department.

**NOTE:** See CFR 34, Section 674.49 of the Perkins regulations and Volume 6, Chapter 4 (“Bankruptcy discharge”) of the Federal Student Aid Handbook for more specific information about bankruptcy.

## **Organize all Loans and Prepare for Mailing**

All loans being packaged and submitted for assignment should be organized by borrower, in alphabetical order by last name, and paper- clipped or stapled. For example, a package of loans to be mailed should include:

- One school certification’s page, completed and signed
- The manifest for all loans included in the packet according to the manifest instructions
- A completed Assignment Form-Borrower and Loan Information (OMB 1845), followed by the rest of the required loan documentation for each borrower listed on the manifest in the submission package.

### ***Mailing Instructions***

Loan assignment packages should be double-packaged for protection and must be sent by REGISTERED MAIL to the Federal Perkins Loan Servicer (ECSI) at the below address. All paper documents required for the assignment process (e.g., original promissory notes, and *if paper process—completed assignment forms, submission package manifest*) MUST be included and in alphabetical order.

Send by registered mail to:

ECSI Federal Perkins Loan Servicer  
100 Global View Drive, Suite 800  
Warrendale, PA 15086

## **Status of Assignment**

### ***Loans Accepted for Assignment***

When manual paper assignments are accepted, the institution will receive a document identified as “**Perkins Load Database Report**” (**Acceptance Report or notice**) via email. The Acceptance Report is sent securely as an attachment from the email address [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov). The subject line of the email is “Acceptance Report” and the body states that the attached is the acceptance report for date of batch submission. A password is sent from the same email address separately in order to open the reports. This report provides borrower identification information, school identification information, and outstanding principal, interest and fees accepted for assignment by the Department. This is the official Acceptance Report notice and should be retained in the school's records. It is also

important to ensure that schools that utilized a third-party servicer to complete monthly reporting to NSLDS be provided a copy of this information to properly update its system as well as make the reporting updates to NSLDS. Please refer to the section below regarding Loan Payments Received after Loan Assignment and how to process the payments.

Hard copies of the acceptance notifications (Perkins Load Database Reports) may be sent to the school's address provided in the school's program participation agreement. The institution should ensure that its mail distribution staff becomes familiar with these notices and the offices to which they should be distributed.

**NOTE:** Schools that use PLAS for electronic submission can access information about accepted and rejected assignments through PLAS. These reports can be viewed on-line or printed from PLAS.

### ***Loans Rejected for Assignment***

For Perkins Loans rejected for assignment, the Department will provide the school with the reason(s) for rejection; if the school can resolve the issue(s) it may resubmit the loan for assignment. For most problems, this process may enable a school to correct the deficiencies and resubmit the rejected loans. The Department will work with the school to assist in resolving issues if possible. If it is not possible to resolve an issue, the loan may have to be purchased by the school.

### ***How does a school purchase loans?***

CFR 34, Section 674.50(g) of the Federal Perkins Loan Program regulations states that the Secretary may require that the school reimburse its program Fund for the entire portion of the outstanding principle balance (OPB) plus any accrued interest on a loan the Department determines is unenforceable.

### ***Reporting school-purchased loans on the FISAP***

A school reports school-purchased loans on its FISAP in Part III, Section A the same as it would report funds it received from a borrower's repayment of a loan balance. The amount deposited into the program Fund to purchase the loans is reported in cash-on-hand (Field 1.1 or 1.2). The portion of the total cash deposited that is principal is reported as loan principal collected (Field 5) and the portion that is interest is reported as interest income on loans (Field 31).

## **Loan Payments Received after Loan Assignment**

### ***Before loan has been accepted***

If the loan has been submitted but not yet accepted by the Department and the school receives a payment, the school or its servicer should deposit the funds immediately into its Perkins Program Fund and await official notification of acceptance. As soon as possible after the school receives notification of acceptance of the loan, the institution must issue a check to the Department, including the borrower's full name, Social Security Number, and the type of loan and loan period to which the payment is to be applied so that the borrower records can be updated to reflect payment.

### ***After loan has been accepted***

Any payment the school or its servicer receives from a borrower after the borrower's account has been submitted to the Department for assignment and accepted by the Department, must be forwarded by U.S. Postal Service's Registered mail as soon as possible, to:

U.S. Department of Education  
ECSI Federal Perkins Loan Servicer  
P.O. Box 6200-31  
Portland, OR 97228

Courier services **do not** deliver to postal boxes. Each payment submission must clearly identify the borrower's full name, Social Security Number, and the type of loan to which the payment is to be applied.

Once an account is submitted for assignment, it becomes the property of the Department and will only be returned to the institution if the loan is rejected for assignment. Therefore, an institution should not contact the Department to request the return of a submission because a borrower has made a payment to the institution.

### ***Collection Fees***

Collection agency fees are not permitted to be deducted from payments received after account submission to the Department. These fees are the sole responsibility of the institution and may not be charged to the program Fund. The entire borrower payment must be forwarded to the Department.

### **Additional Important Assignment Information**

#### ***Loan Balance of Less than \$25***

An account may not be assigned to the Department if the total amount outstanding is less than \$25, unless the borrower has more than one loan (NDSL, Defense, Federal Perkins) that, when combined, total \$25 or more. The following are special instructions for assigning loans of different types of less than \$25 that, when combined, equal at least \$25:

- Complete the Borrower and Loan Information page of the Perkins Assignment Form for each loan,
- Package all loans (or supporting documentation for loans submitted electronically) for that borrower together, and
- Include a clarifying statement explaining that the combination of loans being assigned is equal to or greater than \$25.

#### ***Borrower with more than one loan to assign***

If a borrower has more than one loan being assigned, separate supporting documentation must be included for each loan. To expedite the review process and reduce the number of rejected assignments, the title of each required document in the assignment package (except for the original promissory note and the Perkins Assignment Form) should be included at the top of each document.

### ***Items being submitted that require clarification***

If there are items in the assignment submission package that need clarification or justification (for example, the school made a disbursement after the date the borrower ceased to be enrolled at least half-time), a written explanation should be included with that loan's documentation. Explanations concerning missing or defective promissory notes require affirmative approval by the Department see *Request approval for missing or defective documentation or other extenuating circumstances section above in this document.*

### **Who to Contact with Assignment Questions**

#### ***Issues with Specific Assignments***

Questions pertaining to the status of your assignment submissions, or the correction of pending submissions, may be directed to:

ECSI Federal Perkins Loan Servicer

Phone: 1-844-301-2620

Email: [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov)

#### ***To Check on Assignments Submitted***

For an account that was submitted more than 60 days previously and a determination has yet to be received, the school should email [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov). The email must include the student(s) name(s) and Social Security Number(s) in an encrypted file and should include the school's Name and OPEID.

### **NSLDS Reporting of Perkins Loans that have been Assigned and/or Purchased**

Under provisions of the Higher Education Act, the Department's regulations, and related guidance, schools are required to confirm and report the enrollment status of students who receive Perkins Loans. **It is a school's responsibility to ensure the required reporting to NSLDS, which includes Perkins Loan account detail, is completed on time and accurately.** A school must complete its NSLDS reporting requirements in accordance with the instructions in the NSLDS Enrollment Reporting Guide and the Perkins Data Provider Instructions. **Schools that utilize a third-party servicer for billing, collecting, and reporting should communicate these requirements to their servicer and provide a copy of the Guide.**

Schools are required to update data on existing loans to NSLDS and must ensure that all outstanding Perkins Loans are properly reported to, accounted for, and updated in NSLDS. Schools should also accurately update NSLDS for any loans that have been accepted for assignment by the Department or that have been purchased by the school.

#### ***Reminders for NSLDS Reporting***

- **Follow Data Provider Instructions:** NSLDS reporting instructions and all NSLDS reporting requirements are detailed in the latest NSLDS Federal Perkins Data Provider Instructions and Appendices found on the [NSLDS Reference Materials page](#).

- **Review Monthly Reporting and Process Error File Corrections Each Month:** All loans must be accurately reported to NSLDS on the monthly submittal date provided for the school; review the **Load Error File** which contains the details of any records that failed the NSLDS validation process; and correct the error conditions on the **Load Error File** before creating the next monthly Extract File. Errors must be resolved and not rolled forward month after month.
- **Reconcile NSLDS with Servicer Records:** NSLDS needs to accurately reflect a school's Perkins loan portfolio. The loans in the servicer's records for each school must match NSLDS loan-for-loan, and the loans should have the same statuses and balances. Consequently, if NSLDS is not in agreement with the servicer's records, the school/servicer must determine the reason for each discrepancy and resolve the issues.
- **Transfer Code to be added after Loan is Officially Accepted for Assignment:** Servicers must wait until a loan is officially accepted for assignment before coding the loan with the transfer code (AE). When a loan is accepted for assignment by the Department, the loan needs to be updated in NSLDS with a specific transfer code (AE) by the existing loan holder to release it so the new loan holder can begin reporting on it. The AE transfer code puts the loan in a pending status. Frequently servicers will code loans with the transfer code when the loan is submitted (but not accepted) for assignment, and then if the loan is not accepted, it stays in NSLDS in that pending status. **NOTE:** A loan should not be coded with the transfer code when it is submitted for assignment, only when it is accepted for assignment.
- **Correctly Code School-Purchased Loans:** Loans that are purchased by the school must be coded with the status of UD or UC. School-purchased loans should not be coded as paid in full (PF) or any other status code other than UD or UC. (The servicer must wait until the school advises them to code loans as purchased by the school before doing so.)
- **Cease Reporting on School-Purchased Loans:** Once a loan is coded with UD or UC, the loan must not be reported on again. This applies to ALL loans that have a UD or UC status code regardless of whether the servicer reported the UD or UC status or if the loan was reported as UD or UC by someone else. ANYTIME a loan is UD or UC the servicer must not report on it anymore.
- **Report Loans with Closed Status as a \$0 Balance:** When a closed loan status is reported for a loan, the outstanding principal balance must be reported as \$0.
- **Duplicate Loans:** Schools/servicers should take great care not to create duplicate loans in NSLDS and should routinely check NSLDS to ensure that duplicates do not exist. (Duplicates can occur when loans are reported with incorrect borrower or loan information, or when a loan amount is found to be in error and a new loan is created for the correct amount without cancelling or correcting the incorrect record.)

**'Assigned' in Servicer System:** If a servicer codes a loan in its own system as "assigned" when the loan is first submitted for assignment, the servicer should be sure to change the "assigned" status if the loan is not accepted for assignment. For Perkins Loans rejected for assignment, the Department will provide the school with the reason(s) for rejection; if the school can resolve the issue(s) it may resubmit the loan for assignment. For most problems, this process may enable a school to correct and resubmit the rejected loans. The school may be required to purchase the loan for any loans that are rejected for assignment by the Department.)

### **Reporting Loans Accepted for Assignment**

Once a loan is **officially accepted** for assignment, the school or its servicer must update the loan in NSLDS to show that it is “transferred for assignment”. This is done by using the transfer code “AE” in Field Code #263. (This will release the loan and enable the Department to report on it.)

When reporting loans as transferred to the Department “AE”, the Date of Loan Status field (Field Code #262) should match the loan “certification date” used on the assignment form (Certification, Section B, Item 12) for the loan when it was submitted to the Department for assignment using the paper form. For schools using PLAS, this date would be the date the submission was made electronically.

**IMPORTANT:** Once the loan is reported with the “AE” transfer code, the school or its servicer should not report on that same loan again.

*A note about the transfer process in NSLDS: Although loan transfer codes use the loan status code field (Field Code #263) on the Database Extract File, they are NOT loan status codes and do not update the loan status code fields in NSLDS. Instead, they indicate that the loan was assigned, was accepted and is now in transit to the Department. The loan is officially transferred when the Department’s servicer reports on the loan. If the previous data provider (the school) reports the loan with a non-transfer loan status before the Department reports on the loan, NSLDS will assume that the transfer request was incorrect, and the loan would be retained by the previous data provider (the school).*

*It is both the “AE” transfer code and the correct “certification date” as the Date of Loan Status, that when reported correctly during the update to NSLDS, allows for a seamless transfer of the loan from the school to the Department. Once notified of successful reporting, the school or its servicer must stop reporting the loan to NSLDS. Whoever does the reporting to NSLDS for the school should be familiar with these reporting requirements as well as the Perkins Data Provider Instructions ([posted on IFAP](#)) to ensure any errors that are reported are being corrected by the originating data provider.*

### **Reporting Loans Purchased by the School**

After the program Fund is reimbursed for any defaulted and/or non-defaulted unassignable loans that a school has purchased, the school must report these loans to NSLDS as “UC” (Non-defaulted Loan Purchased by School) or “UD” (Defaulted Loan Purchased by School). These status codes would be reported in the Loan Status field (Field Code #263).

# Assignment Submission Checklist

## Before You Get Started

- ✓ Identify the accounts to be assigned.
- ✓ Ensure loans are reported in NSLDS and updated correctly
- ✓ Review files for required documents.
  - Original promissory note or certified copy
  - Repayment record history
  - Disbursement records (*required when assigning loans made with a Perkins MPN or in cases where the school is requesting review for alternate documentation*)
  - Judgment or bankruptcy documents, *if applicable*
- ✓ Communicate with your third-party servicer, if applicable
- ✓ 30-day notification to borrower(s)
- ✓ Recall loan(s) from any outside firms

## How to Assign

- ✓ Complete Federal Perkins Loan Program/NDSL Assignment Form (OMB 1845-0048). The form is in two parts:
  - One Institutional Certification page for each package submitted for assignment (an institutional certification page is not required on every individual loan presented for assignment, just one per batch of assignments)
  - One Borrower and Loan Information page for every loan submission
- ✓ Submission Package Manifest (list of loans)
- ✓ “Package” together assignment documents in alphabetical order by last name and submit
- ✓ Send by registered mail to:

ECSI Federal Perkins Loan Servicer  
100 Global View Drive, Suite 800  
Warrendale, PA 15086
- ✓ Receive notification of acceptance or rejection; address inquiries from ECSI Federal Perkins Loan Servicer

# **Part II: The Liquidation Process**

## **What is Perkins Liquidation?**

Perkins liquidation is the process through which a school ends participation in the Federal Perkins Loan (Perkins Loan) Program by:

- Assigning all outstanding Federal Perkins Loans, National Direct Student Loans (NDSL), and National Defense Student Loans (Defense Loans) in the school portfolio to the U.S. Department of Education (the Department)
- Liquidating the Perkins Revolving Fund (Fund)

The process of liquidating a school's Perkins Loan portfolio includes a review of the outstanding Perkins Loans to determine if the loans have been maintained and administered properly so they can be assigned to the Department.

All loans must be properly accounted for and updated in the Department's National Student Loan Data System (NSLDS). Upon completion of assignment of outstanding loans, there should be no open loan statuses for any loans; all loans should be in one of the following closed loan statuses:

- Fully retired or otherwise satisfied, e.g., paid in full; or
- Purchased by the school; or
- Accepted for assignment by the Department and properly transferred to the Department.

A school's Perkins Loan portfolio and program Fund is not considered liquidated until the school has received an official letter of completion from the Department. In order to receive an official letter of completion a school must complete all steps in the liquidation process.

## **When and why does a school liquidate its Perkins program?**

A school must liquidate its Perkins Loan portfolio and program Fund, when the school:

- Voluntarily withdraws from participating in the Perkins Loan Program or Title IV;
- Is unable or unwilling to properly service its outstanding Perkins Loan portfolio;
- Has had its eligibility to participate in Title IV programs or the Perkins Loan Program terminated by the Department;
- Has not been approved by the Department for continued participation in Title IV or in the Perkins Loan Program during the school's recertification process; or
- Is closing.

## **How long does it take to liquidate the Perkins portfolio and Fund?**

The length of time each school takes to liquidate varies and depends on the following:

- The size of the outstanding portfolio to assign.

- Whether reconciliation is required between the FISAP data, school records and/or its reported NSLDS data.
- When a school begins the process.

It could reasonably take up to 180 days to 1) liquidate the remaining portfolio, 2) update and report to NSLDS, 3) return the federal share of remaining funds, and 4) submit final FISAP data. It may take additional time for some schools to complete a final audit and receive the official closeout letter from the Department.

**NOTE:** It is important that once the assignment and liquidation process begins, it should be completed as expeditiously as possible. When a school notifies its borrowers of pending assignment to the Department, upon completion of the assignment form information, it must package the assignment documents together and submit the packages immediately following the 30-day notification period. A school that contracts with a third-party servicer to provide the appropriate assignment information or completed assignment forms must follow through with the submission process by having the required documentation ready to package and submit to the Department upon receipt of the assignment information from its servicer.

## **STEP 1: INTENT TO LIQUIDATE**

A school must notify the Department when the school intends to liquidate. A school may begin the liquidation and closeout process at any point.

### ***Process for notifying the Department of Intent to Liquidate***

A school must submit its intent to liquidate electronically using the Common Origination and Disbursement (COD) System. To access the Perkins Liquidation page in COD, a school logs in to the COD website (<https://cod.ed.gov>). From the School tab, click on Campus-Based at the bottom of the left navigation pane. Once directed to Campus-Based, click on Perkins on the left navigation pane, then click Perkins Liquidation Click on “Begin Liquidation Process” and follow the on-screen instructions. For further data entry instructions, please refer to the Quick Guide, *Appendix B, Quick Reference Guide to Liquidation Process and Data Entry Details for COD*.

## **STEP 2: NOTIFY THIRD-PARTY SERVICER AND NOTIFICATION TO BORROWERS**

### ***Notify Servicers***

At the beginning of the liquidation process, it is important that schools communicate with any third-party servicer the school employed for servicing its portfolio. A school’s third-party servicer may be obligated or contracted to assist with the process of assignment, e.g., initial notification to borrowers, loan data for completion of assignment forms. It is also important that any outstanding loans be recalled from any outside collection or litigation firms.

If a third-party servicer is assisting a school with liquidation of its portfolio, the servicer must adhere to the assignment and liquidation process procedures as outlined in this Guide. Also note the Department has posted guidance regarding Third-Party Servicer Institutional Requirements and Responsibilities on the Department’s IFAP website. Particularly, your school and its servicer should refer to guidance in Dear Colleague Letter’s (DCL) ID: GEN-15-01 Subject: Third-Party Servicer Institutional Requirements and Responsibilities, and DCL ID: GEN-16-15 Subject: Third-Party Servicer Questions and Answers,

and the Electronic Announcement posted March 2017: Subject: Updated Third-Party Servicer Questions and Answers, <https://ifap.ed.gov/electronic-announcements/03-08-2017-updated-third-party-servicer-questions-and-answers>.

### **Notify borrowers**

A school must notify borrowers of the pending assignment of their Perkins Loan(s) to the Department.

All borrowers with outstanding loans must be given at least a 30-day notice by mail or email. Occasionally, this notification results in payments from borrowers who have been unwilling to make payments in the past. If a payment is received, the school or its servicer must process that payment as normal and be sure to accurately reflect any payments received on the assignment form when it is prepared. If a payment is received after the school or servicer has sent the loan to the Department for assignment, the school or servicer recipient should deposit the payment immediately into its designated Perkins Fund and await official notification of acceptance from the Department's Federal Perkins Loan Servicer, ECSI.

The wording in this sample notification below may be used.

#### **SAMPLE NOTIFICATION**

[Date]

From: [School – Email/Address]

To: [Borrower Name]

[Borrower – Email/Address]

Dear Federal Perkins, NDSL, or Defense Loan Borrower:

This letter is to inform you that [**school name**] intends to liquidate and closeout its Federal Perkins Loan Program. As part of this process, your Federal Perkins (or NDSL or Defense) loans(s) will be assigned and transferred to the U.S. Department of Education.

Once the assignment of your Federal Perkins Loan(s) to the U.S. Department of Education is complete, you will receive notification from the "**Federal Perkins Loan Servicer - ECSI**." ECSI will provide information on where to send your payments as well as contact information for assistance.

**You must continue making your payments to [**school name or servicer name**] until you receive the notification from the Department's Federal Perkins Loan Servicer, ECSI.**

### **Third-Party Servicer Info**

Third-party servicers must continue servicing loans that are in repayment. For loans that have been submitted for assignment to the Department, the servicer should continue to bill and collect from the borrower until the servicer has received information that the loan is officially accepted for assignment. It is important that schools ensure its servicer receives copies of all official Acceptance Reports.

If a loan has been submitted for assignment but not yet accepted, funds collected on a loan should be deposited immediately into the school's Perkins Fund and await official notification of acceptance by the Department's Federal Perkins Loan servicer, ECSI. As soon as possible after the school receives

notification of acceptance of the loan, the school **must** issue a check to the Department along with the borrower and loan information so that the borrower records can be updated to reflect payment.

### **STEP 3: ASSIGN PERKINS LOANS**

The Department expects schools to begin assigning all outstanding Perkins Loans to the Department within 45 days following the submission of Intent to Liquidate.

#### ***What does it mean to assign loans to the Department?***

A school may assign Perkins Loans (non-defaulted or defaulted) to the Department at any time during the program year. When a school assigns a loan to the Department and the loan is accepted for assignment, the school is transferring all rights and responsibility for servicing and collection on the loan to the United States government. The school relinquishes its rights to any share of amounts collected by the Department after a Perkins Loan is assigned to and accepted by the Department. All future payments will be made to the Department and the borrower will receive notification of the change of loan holder and where to send payments. When a school liquidates its Perkins portfolio, which may include Perkins Loans, NDSL and Defense loans, the school must assign all loans with outstanding balances to the Department for collection whether defaulted or non-defaulted.

#### ***Reconciliation***

A school must ensure that all of its loans are properly accounted for and updated on NSLDS. It is the school's responsibility to ensure that the required reporting to NSLDS, including Perkins Loan account detail, is completed timely and accurately. Schools that use a third-party servicer must communicate the reporting requirements to their third-party servicer and ensure that the servicer complies with timely and accurate reporting. It is important for schools to understand that they are responsible for any non-compliance by the servicer. The school should request a Perkins Loan Reconciliation Report (REC005) from the [NSLDS Professional Access website](#) and reconcile its records against the report to ensure its outstanding portfolio has been accurately reported to NSLDS. Detailed instructions for requesting and formatting the REC005 extract file can be found in the NSLDS Perkins Extract by Parameters Extract File Layout for Schools on the [NSLDS Record Layouts](#) page of the IFAP website.

The total amount of loans and number of borrowers on NSLDS should reconcile with the school's records, its third-party servicer records, and what is reported on its Fiscal Operations Report and Application to Participate (FISAP). Following the completion of the assignment process and updating of NSLDS, the reconciliation file report or the NSLDS system should show that no loans remain open at the school. For further detail, refer to **Step 5 UPDATE NSLDS** below.

#### ***Paper or Electronic Submission***

Schools can elect to complete and submit assignments either manually by paper or electronically by using the Department's Perkins Loan Assignment System (PLAS), the web-based option allows schools to send multiple loans in a batch process or one by one through an on-line, web-based form.

#### ***Access to PLAS***

To use PLAS, the school must designate an individual who is already authorized and able to log in to the Federal Student Aid (FSA) systems to act as the Primary Destination Point Administrator (DPA). The

DPA can request access to PLAS for other users at the school. To obtain a PLAS security access form and learn more on using PLAS, visit <https://efpls.ed.gov/PLAS/>.

The DPA requesting access for the school will be required to provide their school OPEID, name, title, email address, phone number, and FSA two-factor authentication serial number. The form must be printed and signed by a supervisor. The signed form can then be either scanned and emailed to [plasaccess@efpls.ed.gov](mailto:plasaccess@efpls.ed.gov) or mailed to:

ECSI Federal Perkins Loan Servicer  
Attn: PLAS Access Requests  
100 Global View Drive, Suite 800  
Warrendale, PA 15086

For more detailed information on how to use the PLAS system, please refer to the ECSI PLAS User Guide, Appendix D. When a school signs up for PLAS, ECSI can assist with how to get started.

### **Required Documentation for Loan Assignments**

Perkins loan assignments must include the following documentation. More detailed information about each of the documentation requirements is provided in subsequent sections below. If a borrower has more than one loan being assigned, separate supporting documentation must be included for each loan.

- Assignment Manifest
- Perkins Assignment Form
  - Institutional Certification (OMB 1845-0048)
  - Borrower and Loan Information (OMB 1845-0048)
- Original Promissory Note or Perkins Master Promissory Note (MPN)
- Repayment History
- Judgment Information (If applicable)
  - Copy of the notification letter sent by the school to the judgment debtor
- Bankruptcy Information (If applicable)

### ***What to do if you have missing or defective documentation or other extenuating circumstances***

Explanations concerning missing or defective (e.g., incomplete, not signed) promissory notes, require affirmative approval by the Department. An individual explanation must be emailed to [PerkinsLoanAssignments@ed.gov](mailto:PerkinsLoanAssignments@ed.gov) each account requiring review. The school should explain the reason for requesting approval for a missing or incomplete promissory note and the school should affirm to the Department that it has searched all its records and the document does not exist. The explanation should detail the alternate documentation the school is including for this review. The school should submit a completed assignment form, include supporting documentation that proves the borrower acknowledges the debt (evidence of payment, deferment, forbearance, cancellation requests, etc.), and provide additional documentation that would substantiate the debt made by the school, e.g., copies (front and back) of signed disbursement checks or vouchers.

You must protect any documents containing sensitive personal identifiable information by encrypting the email or by encrypting any attachments when sending information via email. Any email containing personal identifiable information that is NOT protected will be deleted and the sender notified to resubmit information with appropriate encryption.

The Department will review and evaluate the request and either approve or deny the request by sending an emailed response to the school. Denied requests may result in the school having to purchase the account(s). If the school receives the approval for alternate documentation, the school should include the approval email and the exact documentation that was approved with the assignment package sent to ECSI. There may be instances where ECSI will contact a school and require additional documentation (unrelated to the approval for missing or incomplete promissory notes) before the loan can be assigned.

### ***Perkins Loan Assignment Form***

For manual assignment submission by paper, the official Perkins Loan Assignment (OMB-1845-0048 form) must be used. The assignment form and instructions are also available on the IFAP website at <https://ifap.ed.gov/campus-based-processing-information>.

The Perkins Loan Assignment Form must be completed according to the form's instructions for every outstanding loan being assigned. Please read and follow these instructions carefully. For schools that utilize a third-party servicer for the assignment form completion, a servicer may use its system to populate the required assignment form information. Schools are not permitted to alter the official OMB-1845-0048 form (assignment form). Check with your servicer if you contract with them to complete the assignment form information.

A school is required to complete only one Institutional Certification page of the Perkins Assignment Form for each assignment submission package when using the paper assignment process. The Institutional Certification page must bear the original signature of the school official who is authorized to transfer the institution's assets. For schools that choose to utilize PLAS, an automated certification process is built into the online submission process.

The Borrower and Loan Information page of the Perkins Assignment Form should be completed for each loan included in the submission package. If submitting assignments electronically using PLAS, the borrower and loan information is completed online.

Detailed instructions for completing the Perkins Assignment Form are provided in *Appendix C, INSTRUCTIONS FOR ASSIGNMENT FORM OMB-1845-0048*. Please read and follow these instructions carefully.

### ***Assignment Manifest***

Each submission package must include a manifest listing the accounts submitted. See Section C of the Institutional Certification page of the Perkins Assignment Form for detailed instructions on the contents and format of the manifest.

If using PLAS for assignment and submission online, the PLAS system will automatically generate this information and create the manifest for you, which will include the assignment's batch and sequence numbers. This manifest must be attached to the supporting documentation mailed to the Federal Perkins Loan Servicer, ECSI.

### *Separate or Bundled Loans:*

- **Loans Made Prior to July 1, 2008:** If an account was bundled (more than one loan was initially reported to NSLDS as one loan), these loans should be listed on the manifest as one loan.
- **Loans Made On or After July 1, 2008:** Loans made on or after July 1, 2008 should have been reported to NSLDS individually and not combined or bundled with another loan(s). Loans made on or after July 1, 2008 must be individually submitted for assignment.

Reporting loans on the manifest in the same manner as they were reported to NSLDS reduces the possibility of loan matching errors in NSLDS.

### ***Original Perkins Promissory Note***

Original Perkins promissory notes are required for all loans, if available. All promissory notes submitted for assignment must be valid legal instruments. The promissory notes must contain signatures, loan amounts, and dates for each loan period. Perkins Master Promissory Notes (MPNs) must contain the borrower's signature and the principal amount loaned must be substantiated by institutional disbursement records.

At some schools, audits and program reviews may have already identified defective or invalid notes (e.g., incomplete, not signed). These loans may not be assigned without approval from the Department. The school may still assign the loan by following the procedures below for assigning loans with missing or defective promissory notes. If no copy of a promissory note exists, follow the procedures as outlined above under the section titled, *What to do if you have missing or defective documentation or other extenuating circumstance*.

### ***Electronically signed promissory notes***

If a school is assigning a Perkins Loan promissory note that was signed electronically, your school's most recent audit must verify the extent to which your school's electronic signature authentication process meets the Department's Standards for Electronic Signatures in Electronic Student Loan Transactions. In addition, at the Department's request, your school must provide an affidavit or certification regarding the creation and maintenance of the electronic records of the loan or loans assigned to the Department in a form that is admissible in a legal proceeding. Your school should be able to produce an exact replica of what the student originally signed. Your school may also be required by the Department to provide testimony by an authorized official of the school to ensure the admission of the electronic records of the loan in any legal proceedings. Your school must cooperate with the Department in all activities necessary to enforce the loan.

### ***Missing original promissory note***

If an original promissory note is missing, a "Certified True Copy" of the front and back of the promissory note may be submitted in lieu of the missing note.

### **A "Certified True Copy" of a promissory note**

If the original promissory note is no longer available and only a photocopy exists, the photocopy (front and back) may be submitted with the following statement, signed by an appropriate institutional official such as the Controller or Vice President of Finance, appearing on the photocopy:

"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:

If no copy exists and a school has extenuating circumstances for not having maintained a copy, follow the procedures as outlined above under the section titled, *What to do if you are missing or defective documentation or other extenuating circumstances*.

### ***Multiple loans on one note***

If a school has a National Defense Student Loan and a National Direct Student Loan on the same promissory note, or the promissory note includes more than one interest rate for the same borrower, or different individuals co-signed parts of the same promissory note, each loan must be treated as a separate loan even though the loans are on the same promissory note. In this situation, a school should make a certified true copy of the original promissory note (as previously instructed) and include the original promissory note with one loan and the certified true copy with the other loan(s).

Attach a clarifying statement with the certified true copy indicating that the original promissory note is attached to one of the borrower's other loans included in the assignment package. (Please specify Federal Perkins, Direct, or Defense Loan). A separate Perkins Assignment Form, along with supporting documentation, must be completed for each note with different terms.

With the exception of an MPN, any assignment where one promissory note represents two loans for any reason other than that described in the preceding paragraph will not be accepted without the approval of the Department.

### ***Repayment Records***

A copy of the student's loan repayment history (financial profile of the account) must be provided. Such a repayment history includes a record of all payments made, on a payment-by-payment basis, and how individual payments were applied (such as what portion of the payment was applied to principal and what portion was applied to interest, etc.). Each payment history may also include total amounts for each of these areas of payment application. A key to interpret the repayment history should be provided as an attachment to any printout. Such a key will assist in the interpretation of every accounting transaction that appears on the repayment history.

### ***Disbursement Records***

Disbursement records, showing the amount and date of each disbursement of a borrower's Perkins Loans, may be needed to enforce a Perkins MPN. All schools either liquidating and withdrawing from the Perkins program or closing are required to provide disbursement records when assigning any loans made using a Perkins MPN.

### ***Judgment Information (if applicable)***

If a school has initiated legal action against a borrower as part of its collection efforts, the loans of that borrower cannot be assigned to the Department until the litigation is completed and a judgment is rendered for the institution and against the borrower or endorser or if the judgment is denied. If the institution chooses to assign the loan immediately, the legal action will need to be withdrawn from the courts.

The Department does not accept assignment of loans for which the institution has obtained a judgment unless the institution transfers the original or a certified true copy of the judgment to the Department with the Perkins assignment form.

To make the judgment enforceable by the U.S. Department of Education as assignee, some states require the school, as holder of the judgment, to notify the court that rendered the judgment of the assignment. Other states have no such requirement. If unsure of the rules of the state, the school's attorney should contact the office of the court clerk to inquire about any such requirements.

If the state the judgment was entered in does not require that the judgment be assigned through the court, the following sample statement should accompany the judgment in order to affect the transfer:

#### **Sample Statement**

"All rights, title, and interest of the undersigned in this judgment are hereby assigned to the U.S. Department of Education. U.S. Department of Education shall have the exclusive right to enforce or release this judgment or any liens created thereby without limitation. Assignor/ [Name of school] certifies that it has complied with any applicable state requirements for the assignment of judgements."

Any judgment that is included as part of an assignment package must cite the interest rate and expiration date. In many states, judgment interest rates and expiration dates are set by state law and thus may not be contained within the individual judgment. If the interest rate or expiration date does not appear within a judgment submitted by a school as part of its assignment package, the school's attorney or the authorized official assigning the loan must provide this information in a separate signed statement. A copy of such a signed statement must be provided with each account.

**NOTE:** Prior to reporting judgment data on the Perkins assignment form, a school should prepare for its records a breakout of principal, interest, etc., from any judgment that combines these amounts, to what it was at the time of the litigation, and then follow these remaining steps:

1. Enter the interest rate as assigned by the court into Item #19 "Applicable Interest Rate"
2. Enter all payments applied to principal (both before and since the judgment) into Item #29 "Principal Amount Repaid"
3. Enter all payments applied to collection costs provided by the judgment into Item #32 "Collection Costs Repaid"
4. Enter all payments applied to interest (both before the judgment at the interest rate of the note, and since the judgment at the interest rate provided by the judgment) into Item #33 "Interest Repaid"

5. Enter any litigation or court costs, if awarded by the court that do not represent principal, interest, or collection costs, into Item #36 "Collection Costs/Penalty/Late Charges"
6. Enter any reductions made by the court to the principal or interest sought into Item #29 "Principal Amount Adjusted" or Item #33 "Interest Repaid", as applicable.

If, for any reason, the amount of the judgment that the court awarded represents a reduction from the amount sought by the institution, and it is not clear whether that reduction stems from a reduction of principal, interest, or collection costs, etc. THE ACCOUNT MAY NOT BE ASSIGNED. Any account for which Section D ("Loan Information: Financial") does not reconcile with the amount of any submitted judgment less any subsequent payments WILL BE REJECTED.

If the amount of the judgment represents a combination of Perkins loan(s) and other institutional debts, the institution must provide the outstanding balance and interest rate of the Perkins Loan that was included in the judgment and the institution releases its claim on any unpaid institutional debts covered by the judgment when the institution assigns the judgment to the Department.

**NOTE:** Section 484A (20 USC 1091a) deals with the statute of limitations for student loans and state court judgments on student loans. In 1991, the amendments to the Higher Education Act of 1965, as amended (HEA), eliminated the previous 7-year time limitation on the collection of student loans regardless of any other statute, regulation or administrative limitation. Thus, under section 484A, if a holder of a loan obtained a judgment on a student loan account, and the judgment expired 10 years ago—despite the expiration of the 10 years, the judgment could still be enforced and collected in the 11th year and thereafter. Section 484A(a) applies to all judgments not just state court judgments. For judgments that expired prior to April 9, 1991, the school does not have to assign rights of the judgment to the Department of Education. For judgments that expire on or after April 9, 1991, the school must assign the rights on all active judgments to the Department. The school must transfer the rights to the Department for all active judgments.

### ***Bankruptcy Information (if applicable)***

If a school receives notification that a bankruptcy petition has been filed prior to the time the school submits the loan to the Department, the account cannot be assigned until the court has ruled on the bankruptcy petition except in the case of a school that is liquidating or closing. If the school is not liquidating or closing, it cannot assign any account pending a bankruptcy decision by the court.

A school that is officially liquidating its program or is closing can submit an account for assignment pending a bankruptcy decision but must first withdraw the proof of claim from the bankruptcy court to which the proof of claim was filed. This information may be verifiable through the Public Access to Court Electronic Records (PACER) system. If you are unsure if a proof of claim was filed or unsure how to withdraw a claim with the bankruptcy court, you should consult with your school's attorney. Once the proof of claim has been withdrawn, the loan can be submitted for assignment to the Department. All documents related to the bankruptcy filing must be included in addition to any communication that confirms the proof of claim was withdrawn from the courts.

If the court rules that the loan can be discharged, the account should not be assigned and may be eligible to be written off the institution's records as a bankruptcy.

If the court rules that the loan cannot be discharged, the account is then eligible for assignment to the Department. All documentation supporting the court decision must be included with the assignment submission. This would include any documents received from or sent to the bankruptcy court. If you are unsure of the type of bankruptcy petition filed or the loan's eligibility for discharge, you should consult with your institution's attorney.

If the institution has received documentation that the bankruptcy petition has been dismissed, the account is eligible for assignment. All bankruptcy and dismissal documents must be included with the assignment submission.

If the institution receives a petition for bankruptcy **after** the Department has accepted the loan for assignment, the notice must be forwarded to the ECSI Federal Perkins Loan Servicer. See *Appendix A, Information Sources for further information*.

A discharge in bankruptcy prevents further enforcement of the obligation against the borrower. Any cosigner is still legally responsible for the debt. The institution must perform all due diligence requirements with respect to the cosigner prior to attempting assignment to the Department.

See CFR 34, Section 674.49 of the Perkins regulations and Volume 6, Chapter 5 ("Perkins Cancellation") of the Federal Student Aid Handbook for more specific information about bankruptcy.

### **Organize all Loans and Prepare for Mailing**

All loans being packaged and submitted for assignment should be organized by borrower, in alphabetical order by last name, and paper-clipped or stapled together. For example, a package of loans to be mailed should include:

- One school certification's page, completed and signed
- The manifest for all loans included in the packet according to the manifest instructions
- A completed Assignment Form-Borrower and Loan Information (OMB 1845), followed by the rest of the required loan documentation for each borrower listed on the manifest in the submission package.

**NOTE:** For loans under **rehabilitation agreements**, if a borrower has made payment arrangements with the school for the purposes of rehabilitating a loan, the agreement must be attached to the supporting documentation for that loan submission in order for the Department to honor such agreement.

**NOTE:** For loans pending **bankruptcy**, if a liquidating school receives notification that a bankruptcy petition has been filed prior to the time the school submits the loan to the Department under liquidation, this would result in an automatic rejection from the Department, therefore, the loan packet needs to be identified and the school must follow the instructions under the section above titled, *Bankruptcy Information (if applicable)*.

### **Mailing Instructions**

Loan assignment packages should be double-packaged and must be sent by REGISTERED MAIL to the Federal Perkins Loan Servicer (ECSI) at the below address. All paper documents required for the assignment process (e.g., original promissory notes, and *if paper process—completed assignment forms, submission package manifest*) MUST be included and in alphabetical order by last name.

Send by registered mail to:

ECSI Federal Perkins Loan Servicer  
100 Global View Drive, Suite 800  
Warrendale, PA 15086

## **Status of Assignment**

### ***Loans Accepted for Assignment***

**Official Notification of Acceptance Report:** When assignments are accepted, the institution will receive a document identified as "**Perkins Load Database Report**" (***Acceptance Report or notice***) via email. The Acceptance Report is sent securely as an attachment from the email address [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov). The subject line of the email is "Acceptance Report" and the body states that the attached is the acceptance report for date of batch submission. A password is sent from the same email address separately in order to open the reports. This report provides borrower identification information, school identification information, and outstanding principal, interest and fees accepted for assignment by the Department. This is the official Acceptance Report notice and should be retained in the school's records. It is also important to ensure that schools that utilized a third-party servicer to complete monthly reporting to NSLDS be provided a copy of this information in order to properly update its system as well as make the reporting updates to NSLDS. Please refer to the section below regarding Loan Payments Received after Loan Assignment and how to process the payments.

### ***Loans Rejected for Assignment***

For Perkins Loans rejected for assignment, the Department will provide the school with the reason(s) for rejection; if the school can resolve the issue(s) it may resubmit the loan for assignment. For most problems, this process may enable a school to correct the deficiencies and resubmit the rejected loans. The Department will work with the school to assist in resolving issues if possible. If it is not possible to resolve an issue, the loan may have to be purchased by the school. *See Step 4 PURCHASE LOANS below for further detail and instruction.*

## **Loan Payments Received after Loan Assignment**

### ***Before loan has been accepted***

If the loan has been submitted but not yet accepted by the Department and the school receives a payment, the school or its servicer should deposit the funds immediately into its Perkins Program Fund and await official notification of acceptance. As soon as possible after the school receives notification of the acceptance of the loan, the institution must issue a check to the Department, including the borrower's full name, Social Security Number, and the type of loan and loan period to which the payment is to be applied so that the borrower records can be updated to reflect payment.

### ***After loan has been accepted***

Any payment the school or its servicer receives from a borrower after the borrower's account has been submitted to the Department for assignment and accepted by the Department, must be forwarded by U.S. Postal Service's Registered mail as soon as possible, to:

U.S. Department of Education  
ECSI Federal Perkins Loan Servicer  
P.O. Box 6200-31  
Portland, OR 97228

Courier services **do not** deliver to postal boxes. Each payment submission must clearly identify the borrower's full name, Social Security Number, and the type of loan to which the payment is to be applied.

Once a loan is submitted for assignment, it becomes the property of the Department and will only be returned to the institution if the loan is rejected for assignment. Therefore, an institution should not contact the Department to request the return of a submission because a borrower has made a payment to the institution.

### ***Collection Fees***

Collection agency fees are not permitted to be deducted from payments received after account submission to the Department. These fees are the sole responsibility of the institution and may not be charged to the program Fund. The entire borrower payment must be forwarded to the Department.

### **Additional Important Assignment Information**

#### ***Loan Balance of Less than \$25***

An account may not be assigned to the Department if the total amount outstanding is less than \$25, unless the borrower has more than one loan (NDSL, Defense, Federal Perkins) that, when combined, total \$25 or more. The following are special instructions for assigning loans of different types of less than \$25 that, when combined, equal at least \$25:

- Complete the Borrower and Loan Information page of the Perkins Assignment Form for each loan,
- Package all loans (or supporting documentation for loans submitted electronically) for that borrower together, and
- Include a clarifying statement explaining that the combination of loans being assigned is greater than or equal to \$25.

#### ***Borrower with more than one loan to assign***

If a borrower has more than one loan being assigned, separate supporting documentation must be included for each loan. To expedite the review process and reduce the number of rejected assignments, the title of each required document in the assignment package (except for the original promissory note and the Perkins Assignment Form) should be included at the top of each document.

#### ***Items being submitted that require clarification***

If there are items in the assignment submission package that need clarification or justification (for example, the school made a disbursement after the departure date), a written explanation should be included with that loan's documentation. Explanations concerning missing or defective promissory notes, missing or incomplete bankruptcy information, or missing or incomplete judgment information require

formal approval by the Department see *Request approval for missing or defective documentation or other extenuating circumstances* section above in this document.

## Who to Contact with Assignment Questions

### *Issues with Specific Assignments*

Questions pertaining to the status of your assignment submissions, or the correction of pending submissions, may be directed to:

ECSI Federal Perkins Loan Servicer

Phone: (844) 301-2620

Email: [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov)

### *To Check on Assignments Submitted*

For an account that was submitted more than 60 days previously and a determination has yet to be received, the school should email [productionprocessing@efpls.ed.gov](mailto:productionprocessing@efpls.ed.gov). The email must include the student(s) name(s) and Social Security Number(s) in an encrypted file and should include the school's name and OPEID.

## STEP 4: PURCHASE LOANS (If applicable)

A school will be required to purchase loans that the Department will not accept for assignment.

### *When is a school required to purchase loans?*

The Department will not accept a loan for assignment if the promissory note is missing, unsigned (see exception for using a "Certified True Copy" under Missing Promissory section above) or has not received approval from the Department to be assigned. All loans rejected for assignment by the Department will be returned and the school will be required to purchase this loan.

### *How does a school purchase loans?*

CFR 34, Section 674.50(g) of the Federal Perkins Loan Program regulations requires that the school reimburse its Perkins Loan Revolving Fund for the entire portion of the outstanding principal balance (OPB) plus any accrued interest on a loan the Department determines is unenforceable.

Any open loans that cannot be assigned for which the OPB plus interest was not previously reimbursed to the Fund and not reported previously on the FISAP as part of the school's cash on hand amount will be assessed by the Department.

This assessed amount for the OPB plus interest must be included as part of the total cash asset during Phase 3 of the Intent and Closeout Form, which is the part of the online Perkins liquidation and closeout process within COD. Before a school updates any loan records in NSLDS to "purchased", the

### **Purchase Loans**

Reimburse the Program Fund for the entire portion of the outstanding balance plus any accrued interest on a loan. **Do not send payment directly to the Department.** Once the liquidation of the portfolio is completed, the Federal portion of the remaining Program Fund will be required to be paid.

Department will need to know the school is purchasing loans not yet reported as purchased, so the Department can obtain the list of purchased loans from NSLDS prior to the update of the loan records. Once assignment of the portfolio is complete, the Federal share of the remaining program Fund will be calculated. Phase 3 of the online Intent and Closeout Form calculates the capital distribution of the remaining cash asset (the Federal and institutional shares of final cash), which would include any assessed liability for unassignable loans. The school will be required to pay the Federal share to the Department.

### ***Reporting school-purchased loans on the FISAP***

A school reports school-purchased loans on its FISAP in Part III, Section A the same as it would report funds it received from a borrower's repayment of a loan balance. The amount deposited into the program Fund to purchase the loans is reported in cash-on-hand (Field 1.1 or 1.2). The portion of the total cash deposited that is principal is reported as loan principal collected (Field 5) and the portion that is interest is reported as interest income on loans (Field 31).

### ***Reporting school-purchased loans on NSLDS***

Once a loan has been purchased by the school, the Department transfers all of its rights, title and interest in the loan to the school for its own account. School purchased loans must also be properly updated on NSLDS.

## **STEP 5: UPDATE NSLDS**

Under provisions of the Higher Education Act, the Department's regulations, and related guidance, schools are required to confirm and report the enrollment status of students who receive Federal Perkins Loans (Perkins). It is a school's responsibility to ensure the required reporting to NSLDS (which includes Perkins Loan account detail) is completed on time and accurately. A school must complete its NSLDS reporting requirements in accordance with the instructions in the NSLDS Enrollment Reporting Guide and the Perkins Data Provider Instructions. Schools that utilize a third-party servicer for billing, collecting, and reporting should communicate these requirements to its servicer and provide a copy of this Guide. For the purposes of Perkins liquidation and closeout, schools must ensure that all outstanding Perkins Loans are properly accounted for and updated in NSLDS—NSLDS must reflect that all borrower loan accounts for a liquidating school are retired, accepted for assignment by the Department, or purchased by the school.

### ***Reminders for NSLDS Reporting***

- **Follow Data Provider Instructions:** NSLDS reporting instructions and all NSLDS reporting requirements are detailed in the latest NSLDS Federal Perkins Data Provider Instructions and Appendices found on the [NSLDS Reference Materials page](#).
- **Review Monthly Reporting and Process Error File Corrections Each Month:** All loans must be accurately reported to NSLDS on the monthly submittal date provided for the school; review the **Load Error File** which contains the details of any records that failed the NSLDS validation process; and correct the error conditions on the **Load Error File** before creating the next monthly Extract File. Errors must be resolved and not rolled forward month after month.
- **Reconcile NSLDS with Servicer Records:** NSLDS needs to accurately reflect a school's Perkins loan portfolio. The loans in the servicer's records for each school must match NSLDS

loan-for-loan, and the loans should have the same statuses and balances. Consequently, if NSLDS is not in agreement with the servicer's records, the school/servicer must determine the reason for each discrepancy and resolve the issues.

- **Transfer Code to be added *after* Loan is Officially Accepted for Assignment:** Servicers must wait until a loan is officially accepted for assignment before coding the loan with the transfer code (AE). When a loan is accepted for assignment by the Department, the loan needs to be updated in NSLDS with a specific transfer code (AE) by the existing loan holder to release it so the new loan holder can begin reporting on it. The AE transfer code puts the loan in a pending status. Frequently servicers will code loans with the transfer code when the loan is *submitted* (but not accepted) for assignment, and then if the loan is not accepted, it stays in NSLDS in that pending status. **NOTE:** A loan should not be coded with the transfer code when it is submitted for assignment, only when it is accepted for assignment.
- **Correctly Code School-Purchased Loans:** Loans that are purchased by the school must be coded with the status of UD or UC. School-purchased loans should not be coded as paid in full (PF) or any other status code other than UD or UC. (The servicer must wait until the school advises them to code loans as purchased by the school before doing so.)
- **Cease Reporting on School-Purchased Loans:** Once a loan is coded with UD or UC, the loan must not be reported on again. This applies to ALL loans that have a UD or UC status code regardless of whether the servicer reported the UD or UC status or if the loan was reported as UD or UC by someone else. ANYTIME a loan is UD or UC the servicer must not report on it anymore.
- **Report Loans with Closed Status as a \$0 Balance:** When a closed loan status is reported for a loan, the outstanding principal balance must be reported as \$0.
- **Duplicate Loans:** Schools/servicers should take great care not to create duplicate loans in NSLDS and should routinely check NSLDS to ensure that duplicates do not exist. (Duplicates can occur when loans are reported with incorrect borrower or loan information, or when a loan amount is found to be in error and a new loan is created for the correct amount without cancelling or correcting the incorrect loan.)
- **'Assigned' in Servicer System:** If a servicer codes a loan in its own system as "assigned" when the loan is first submitted for assignment, the servicer should be sure to change the "assigned" status if the loan is not accepted for assignment. For Perkins Loans rejected for assignment, the Department will provide the school with the reason(s) for rejection; if the school can resolve the issue(s) it may resubmit the loan for assignment. For most problems, this process may enable a school to correct the deficiencies and resubmit the rejected loans. (If the deficiencies cannot be corrected and the loan is ultimately rejected, the school may be required to purchase the loan.)

### ***Reporting Loans Accepted for Assignment***

Once a loan is **officially accepted** for assignment, the school or its servicer must update the loan in NSLDS to show that it is "transferred for assignment". This is done by using the transfer code "AE" in Field Code #263. (This will release the loan and enable the Department to report on it.)

When reporting loans as transferred to the Department "AE", the Date of Loan Status field (Field Code #262) should match the loan "certification date" used on the assignment form (Certification, Section B,

Item 12) for the loan when it was submitted to the Department for assignment using the paper form. For schools using PLAS, this date would be the date the submission was made electronically.

**IMPORTANT:** Once the loan is reported with the “AE” transfer code, the school or its servicer should not report on that same loan again.

*A note about the transfer process in NSLDS: Although loan transfer codes use the loan status code field (Field Code #263) on the Database Extract File, they are NOT loan status codes and do not update the loan status code fields in NSLDS. Instead, they indicate that the loan was assigned, accepted and is now in transit to the Department. The loan is officially transferred when the Department’s servicer reports on the loan. If the previous data provider (the school) reports the loan with a non-transfer loan status before the Department reports on the loan, NSLDS will assume that the transfer request was incorrect, and the loan would be retained by the previous data provider (the school).*

*It is both the “AE” transfer code and the correct “certification date” as the Date of Loan Status, that when reported correctly during the update to NSLDS, will allow for a seamless transfer of the loan from the school to the Department. Once notified of successful reporting, the school or its servicer must stop reporting the loan to NSLDS. Whoever does the reporting to NSLDS for the school should be familiar with these reporting requirements as well as the Perkins Data Provider Instructions ([posted on IFAP](#)) to ensure any errors that are reported are being corrected by the originating data provider.*

### **Reporting Loans Purchased by the School**

After the program Fund is reimbursed for any defaulted and/or non-defaulted unassignable loans that a school has purchased, the school must report these loans to NSLDS as “UC” (Non-defaulted Loan Purchased by School) or “UD” (Defaulted Loan Purchased by School). These status codes would be reported in the Loan Status field (Field Code #263).

## **STEP 6: PERKINS CLOSEOUT AUDIT**

A Perkins closeout audit is required as part of the liquidation process. The school must schedule the Perkins closeout audit and provide a copy of the audit to the Perkins Portfolio and Liquidation Team when completed.

### **Brief Overview of the Perkins Audit Requirement**

- Not-for-profit schools that qualify and report annually under the Single Audit Act, commonly referred to as the OMB A-133 audit, may elect not to have an independent Perkins audit done, and instead include the Perkins closeout audit with the school's regular annual compliance audit.
  - The Perkins Loan liquidation audit requirement is included in the Office of Management and Budget’s (OMB) Circular A-133 Compliance Supplement. The OMB Circular A-133 provides Single Audit guidance for Audits of Institutions of Higher Education and Other Non-Profit Organizations and Part 5, Clusters of Programs includes Federal Perkins Loan Liquidation. For further information, visit the Office of Management and Budget’s [website for OMB circulars](#).
  - A school’s auditors should be told that the Perkins closeout audit must be completed with the annual compliance audit to satisfy this requirement for closeout of Perkins

- Schools that do not report under the Single Audit Act must submit a letter of engagement for an independent audit within 45 days after the school ends participation in the Perkins program.
- A copy of the completed audit is to be emailed to the Department at [perkinsliquid@ed.gov](mailto:perkinsliquid@ed.gov) no later than 90 days after the school ends participation in the Perkins program. (Schools that report under the Single Audit Act should submit with your next scheduled audit.

### **General Audit Requirements**

34 CFR, Section 668.26 requires that a school submit a letter of engagement for an independent audit of all funds that the school received under the program to the Secretary within 45 days after the school's participation ends. A school's participation in the Perkins Loan Program is considered to have ended once all outstanding loans in its portfolio have been fully retired, assigned and accepted by the Department, or purchased. The engagement for the independent audit shall include the requirements prescribed in this step of the liquidation procedures. The results of the Perkins Program Closeout Audit (closeout audit) must be submitted to the Department once a report is finalized. Institutions that are liquidating their Perkins Loan portfolio and program Fund must account for the program funds as outlined under these procedures.

Schools that qualify and report annually under the Single Audit Act, commonly referred to as the OMB A-133 audit, should consult with their auditor and refer to the information contained in the OMB Circular A-133 Single Audit guidance for Audits of Institutions of Higher Education and Other Non-Profit Organizations and Part 5, Clusters of Programs includes Federal Perkins Loan Liquidation.

### **Specific Audit Requirements**

The auditor will verify the information below and determine whether the institution has properly performed its end-of-participation responsibilities for the Perkins Loan Program. The results must be forwarded to the Department in a written report.

For an institution that ends its participation in the Perkins Loan Program, the institution is responsible for returning any unspent funds (34 CFR Section 668.14(b)(25)) and is required to perform the following end-of-participation procedures:

- a) notify the Department via COD of the intent to stop participating in Perkins (34 CFR Section 668.26(b)(1));
- b) purchase any outstanding loans left in its Perkins portfolios or assign them to the Department (34 CFR Sections 674.8(d), 674.17(a)(2), and 674.45(d)(2));
- c) inform the Department of how the institution will provide for the collection of any outstanding loans made under the program (34 CFR section 668.26(b)(4)); and
- d) maintain program and fiscal records of all Perkins funds since the most recent Fiscal Operations Report (FISAP) was submitted and reconcile this information at least monthly (34 CFR Section 674.19(d)).

## Audit Report

### *Timing*

The closeout audit report should be submitted to the Department within **90 days** of the end of the school's participation in the program. A school's participation is considered to have ended once all outstanding loans in its portfolio have been fully retired, assigned and accepted by the Department, or purchased. This time frame permits 45 days for the school to engage an independent auditor and an additional 45 days for preparation and submission of the audit report.

Schools that qualify and report annually under the Single Audit Act are not subject to the 90-day deadline if their audit is scheduled to take place at a later date. **However, schools should communicate to their auditors that they are liquidating and discontinuing their participation in the Federal Perkins Loan Program and will be required to provide a closeout audit.**

### *Reporting Program Activity*

The audit report shall cover the school's Perkins program activities when it ends its participation in the program; in most cases this would be since the school's last reported FISAP and through the completed liquidation of its Perkins Loan portfolio and program Fund. The objective is to determine whether the school has properly performed end-of-participation procedures.

During the audit process, the auditor should verify that the institution has:

1. either purchased or assigned to the Department any Perkins Loans with outstanding balances;
2. purchased any outstanding, unassignable loans;
3. informed the Department of how the institution will provide for the collection of the outstanding school purchased loans made under the program;
4. maintained program and fiscal records for all transactions that occurred after the most recent FISAP was filed and reconciled the following information:
  - a. All loans for the total number of borrowers that make up the portfolio have been accounted for. This includes:
    - i. Retired loans, including loans purchased
    - ii. Loans assigned to the Department, including validation of the computed accumulated interest charged on the loans
  - b. Teacher, service, and other loan cancellation data in Section A and all of the data in Section C of Part III of the school's latest submitted FISAP
  - c. The Federal Capital Contribution (FCC)
  - d. The Institutional Capital Contribution (ICC)
  - e. Overall cash on hand or excess cash amounts. This overall cash on hand amount could include payment to the Fund for any loans the school has purchased.

**IMPORTANT:** Any data found to be inaccurate on the latest submitted FISAP must be corrected and re-submitted to the Department. The school can submit a change request through COD indicating it needs to amend the FISAP data for the purposes of liquidation.

### **SFA Audit Guide**

The SFA Audit Guide and subsequent procedures and letters providing further guidance can be found on the Office of Inspector General’s website at:

<http://www.ed.gov/about/offices/list/oig/nonfed/sfa.html>.

### **Audit Report Submission**

A school must send an electronic (.pdf) copy of the closeout audit or portion that contains the required Perkins closeout information to the school’s Perkins Portfolio and Liquidation Team point of contact or to [perkinsliquid@ed.gov](mailto:perkinsliquid@ed.gov). The subject of the email notification should include the name of the school and OPEID number.

## **STEP 7: REMIT THE FEDERAL SHARE**

A school must remit the federal share of the Perkins Loan Revolving Fund owed to the Department.

**Formula used to Determine Shares of  
Remaining Cash Asset  
(Perkins Revolving Fund)**

$$\frac{\text{(net FCC)}}{\text{(net FCC + net ICC)}} \times \text{Cash on hand} = \text{Final Capital Distribution}$$

**FCC** = Federal Capital Contribution added to the Fund by the Department over period of time (Part III. Section A. Field Item 27)

**Repayments of Fund capital to federal government**  
(Part III. Section A. Field Item 28.3)

**net FCC** = FCC minus repayments of Fund capital to federal government (Field Item 27 minus Field Item 28.3)

**ICC** = Institutional Capital Contribution added by school over period of time (Part II Section A. Field Item 29.3)

**Repayments of Fund capital to school**  
(Part III. Section A. Field Item 30.3)

**net ICC** = ICC minus repayments of Fund capital to school (Field Item 29.3 – Field Item 30.3)

**Cash on hand**  
(Part III. Section A. Field Item 1.1 or 1.2 as appropriate)

As part of the closeout process within COD, any Federal share of remaining Perkins Fund capital will be automatically calculated, and notification of any Federal share owed will be communicated along with instructions for returning the Federal share to the

**Notice of federal share owed will be sent to the school. The letter is posted to the school’s “Perkins Liquidation” page in COD.**

**School should remit federal share owed through G5.**

Department through G5.

## ***Returning the Federal Share to the Department***

Any federal share of remaining capital should be refunded electronically via G5 (<https://g5.gov>), using the G5 Miscellaneous Refunds option. For specific guidance or for other options for returning Perkins Loan funds to the Department, refer to the “Returning Perkins Funds” instructions on the [Campus-Based Processing Information Page](#) on the [IFAP website](#).

### **STEP 8: FINAL FISAP DATA**

A school must submit final FISAP data. A school must continue to file its FISAP annually until all “final” activity has been reported. Final activity consists of assigning any remaining loans with outstanding balances to the Department or reimbursing the Fund for the purchase of any loans that are not accepted by the Department, and the distribution of the final Fund capital (current cash) has been made. **Schools that have yet to receive an Official Liquidation Completion letter from the Department must report Perkins data on their annual FISAP by the deadline.** Schools may be directed to report final FISAP data using Phase 4 of the Intent and Closeout Form, which is part of the online Perkins Liquidation process in the COD System.

Phase 4 of the online Intent and Closeout Form allows a school to submit final FISAP data at any point following completion of the final liquidation steps or activity, e.g., assigning and/or purchasing loans, distribution of final Fund capital and repayment of federal share of funds. Schools no longer have to wait to submit a complete FISAP to complete the process of liquidation if this is the only step left in order to finish the process and receive an official Liquidation Completion letter. By entering final data in Phase 4 of the Perkins Closeout Form, the school affirms that all Perkins Loans have been accounted for—*fully retired, purchased, or assigned*. The school also affirms that any remaining cash was properly repaid to the Department and to the school and that its Perkins Fund has been closed.

The On-line Intent and Closeout Form uses the same information as the FISAP, Part III, Section A or C.

1.1. Latest Cash on Hand in depository: By completing Phase 4, a school attests to the fact that any final capital has been distributed (federal and institutional shares removed and returned) and the Perkins Loan Revolving Fund is closed (*this block is not editable*).

28.3. Repayments of fund capital to federal government: Report the CUMULATIVE amount (federal share) repaid to the federal government as distribution of excess or liquidated fund capital—*through the submission of this data. For example, any final amount paid as required by the Federal Share Owed letter would be added to the amount reported on the most recently submitted FISAP in Section A, Field 28.3 (Repayments of fund capital to federal government), increasing the total and final amount being reported to the Department.*

30.3 Repayments of fund capital to school: Report the CUMULATIVE amount distributed to the institution as excess or liquidated fund capital—*through the submission of this data. For example, any final amount paid from the Fund to the institution would be added to the amount reported on the most recently submitted FISAP in Section A, Field 30.3 (Repayments of fund capital to the school), increasing the total and final amount being reported to the Department.*

1. Borrowers whose loans are fully retired (including those purchased by school): Number of Borrowers column: Report the unduplicated, CUMULATIVE number of all past borrowers who, as of *the submission of this data*, have completely repaid their loans or had them canceled. Include:

- any write-off accounts with balances of less than \$25 (or less than \$50 if the borrower has been billed for two years),
- any loans discharged because the borrower was unable to complete a program in which he or she was enrolled due to the school's closing, and
- any loans purchased by the school because the loans were deemed unenforceable by the Department and were rejected for assignment.

Amount Lent column: Report the total dollar amount lent to those borrowers.

1.2 Amount of loans that have been purchased: Of the loans included in 1 as fully retired, report the outstanding principal balance, all interest due, and any collection fees due on all loans you submitted for assignment that were not accepted and for which your school reimbursed the Fund, *under Principal Amount column*.

2. Borrowers whose loans were assigned and officially accepted by US Department of Education: Report the total principal amount outstanding when the loans were assigned to and accepted by the Department. DO NOT include any unpaid penalty/late charges assessed the borrower on any loans assigned to the Department. Any payment your school might have received from such a borrower after the Department's acceptance of the assigned loan is not to be reflected in this report.

## **OFFICIAL LIQUIDATION COMPLETION LETTER**

Once the liquidation and closeout requirements are satisfied, an official letter of approval for liquidation completion and closeout will be issued to the school. The letter will be posted to the school's "Perkins Liquidation" page in COD. A school's Perkins Loan portfolio and program Fund is not considered liquidated until the school has received an official letter of completion from the Department.

# Perkins Loan Liquidation Steps Checklist

There are several steps involved in the process of liquidation. The steps in the process are also tied to four phases in the Intent and Closeout Form, which is the Perkins Liquidation online process in COD. Steps that are tied to the online process in COD are identified below by the green dots. For further detail and process flow, refer to Appendix B: *Quick Reference Guide to Liquidation Process and Data Entry Details for COD*

**STEP 1: INTENT TO LIQUIDATE (Online COD: 1. Intent and Closeout Form Phase 1)**

First, submit the school's intent to liquidate using the electronic Intent and Close-out Form in COD.



**STEP 2: NOTIFY THIRD-PARTY SERVICER AND NOTIFICATION TO BORROWERS**

Next, notify your third-party servicer (if applicable) of your intent to liquidate; recall all loans from any outside firms that your school contracts with for billing, collection, litigation and credit bureau reporting; and send notification of assignment to all borrowers with outstanding Perkins Loans.

**STEP 3: ASSIGN PERKINS LOANS (Online COD: 2. Assign Perkins Loans)**

Assign all outstanding Perkins loans to the Department either manually by paper or electronically by using the Department's Perkins Loan Assignment System (PLAS).



**STEP 4: PURCHASE LOANS (If applicable)**

Once all loans are assigned, complete Phase 3 of the Intent and Close-out Form by entering the school's current cash on hand balance. As part of the Phase 3 in COD, any liability (purchased loans) will be calculated and entered into the Perkins closeout form by FSA if not already accounted for and remitted to the school's current cash on hand amount. FSA must enter an amount or \$0 prior to Phase 3 being open to the school allowing it to enter cash on hand. The system calculates this distribution of the final capital and communicates the Federal share amount owed to the Department.

**STEP 5: UPDATE NSLDS**

Ensure all loans have been properly reported and/or updated on NSLDS.

**STEP 6: PERKINS CLOSEOUT AUDIT**

The school must schedule the Perkins closeout audit.



**STEP 7: REMIT THE FEDERAL SHARE (Online COD: 4. Remit Federal Share Owed)**

Remit the Federal share owed to the Department. If your school is required to repay a Federal share of its Perkins Fund, the amount required from the school and the instructions for repayment are provided in the Federal Share Owed letter posted on the school's Perkins Liquidation page.



**STEP 8: FINAL FISAP DATA (Online COD: 5. Intent and Closeout Form Phase 4)**

Once you have remitted the Federal share owed to the Department, complete Phase 4 of the Intent and Closeout Form by entering FISAP data that reflects the final close-out activities; this includes the cumulative repayment of fund capital to the Federal government, the cumulative repayment of fund capital to the school, the final cash on hand balance (which should be zero after the Federal/institutional split of the fund occurs), and the final, cumulative loan totals as indicated on the form.



**OFFICIAL LIQUIDATION COMPLETION LETTER**

When liquidation is complete, your school will receive an official Perkins Liquidation Complete Letter from the Department which will also be posted to the Perkins Liquidation Page on COD.

# **APPENDIX A: Contact Information**

## **Borrower Contact Information**

### **ECSI Federal Perkins Loan Servicer Borrower Contact Information**

**Borrower Payments** should be mailed to:

U.S. Department of Education  
ECSI Federal Perkins Loan Servicer  
P.O. Box 6200-31  
Portland, OR 97228

The Borrower Customer Service telephone number is 1-866-313-3797.

Borrowers wishing to satisfy their debts once their loans have been accepted for assignment should contact the Department's Borrower Customer Service Center.

**Borrower Correspondence** should be mailed to:

U.S. Department of Education  
ECSI Federal Perkins Loan Servicer  
P.O. Box 1079  
Wexford, PA 15090

## **School Contact Information**

### **ECSI Federal Perkins Loan Servicer School Contact Information**

The School Customer Service telephone number is 1-866-313-4130.

The School Customer Service email address is [clientsupport@efpls.ed.gov](mailto:clientsupport@efpls.ed.gov).

**Address:**

ECSI Federal Perkins Loan Servicer  
100 Global View Drive, Suite 800  
Warrendale, PA 15086

## **Perkins Loan Assignment System (PLAS) User Guide**

Visit <https://efpls.ed.gov/PLAS/> to view or download the PLAS User Guide.

## **Perkins Loans and General Questions**

Questions regarding the student financial aid award process, or questions concerning the management of student loans not held by the Department, should be directed either in writing or by phone to the School Participation Team serving your region.

## **Closed School Procedures**

Questions concerning closed school procedures should be directed to the appropriate School Participation Team serving your region. Note that any closing school that holds a Perkins portfolio and Fund must liquidate by following the procedures outlined in this document.

## **Discrepancies between School Data and Department Data**

The Processing Division, Perkins Loan Assignments, should be contacted to resolve any discrepancies between institutional records and those of the Department pertaining to accounts that have already been assigned to the Department and accepted. This includes corrections to acceptance notices, bankruptcy notices, and any other general information on accepted accounts that an institution wishes to forward.

More specific questions pertaining to the procedures for assignment of accounts set forth in this document can be directed to: [PerkinsLoanAssignments@ed.gov](mailto:PerkinsLoanAssignments@ed.gov).

## **Fiscal Operations Report and Application to Participate (FISAP)**

For questions about the FISAP form, contact the COD School Relations Center at 1-800-848-0978, or by email at [CODSupport@ed.gov](mailto:CODSupport@ed.gov).

## **Perkins Loan Program Liquidation**

For general questions about Perkins Loan Program Liquidation, contact the COD School Relations Center at 1-800-848-0978 or by contacting the Perkins Loan Portfolio and Liquidation Team at [perkinsliquid@ed.gov](mailto:perkinsliquid@ed.gov).

## **Repayment of Loans after Assignment**

## **Total and Permanent Disability Assignments**

All total and permanent disability (TPD) assignments should be sent to:

U.S. Department of Education  
121 South 13th Street, Suite 201  
Lincoln, NE 68508

# APPENDIX B: Quick Reference Guide to Liquidation Process and Data Entry Details for COD Web

Appendix B is a “**quick guide**” to the liquidation process and data entry details for COD. It provides an overview of the different steps under the Perkins liquidation process and explains how schools’ use the functionality of the Perkins Liquidation web pages in the Common Origination and Disbursement (COD) website and associated phases of the online Intent and Closeout Form to complete each step of the liquidation process.

Schools access the Perkins Liquidation information and process through the Common Origination and Disbursement (COD) website using their normal login procedures with COD User ID, Password, and Two-Factor Authentication.



Figure 1 – Screenshot of the login page for the Common Origination and Disbursement (COD) System

## Access

To access the Perkins Liquidation page in the COD website

- Log in to the COD website (<https://cod.ed.gov>)
- From the School tab, select Campus-Based Syst link from the left navigation menu
- Select Perkins Liquidation

Figure 2 – Screenshot of the Login screen for the Campus-Based System in COD

### The Perkins Liquidation home page

- provides a high-level explanation of the four phases of the Intent and Closeout Form and associated steps involved for a school to liquidate its Federal Perkins Loan Program portfolio and Fund
- provides active links to the Assignment and Liquidation Guide on IFAP
- allows schools to begin and follow through the process of liquidation
- is where official notifications can be found on liquidation

With each high-level step associated with the phases of the online Intent and Closeout Form, the system provides a visual representation of a school’s place in the process by indicating what is pending and what has been completed. In some phases, there is more than one step involved in completing that phase of the process.

**Federal Student Aid** | Campus Based System  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Jane Doe (School User X) | YOUR SCHOOL NAME HERE | COD Web

**Perkins**

Perkins Liquidation

Notifications

Perkins Loan Liquidation Steps

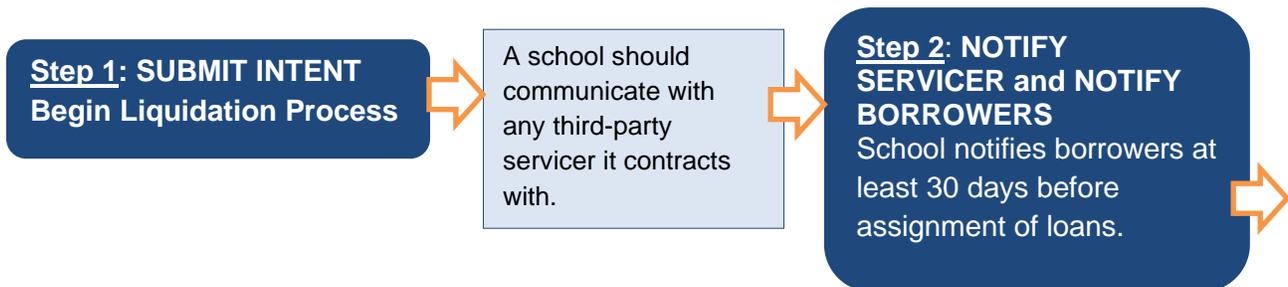
Your school has decided to liquidate its Federal Perkins Loan Program. There are several steps involved in the process:

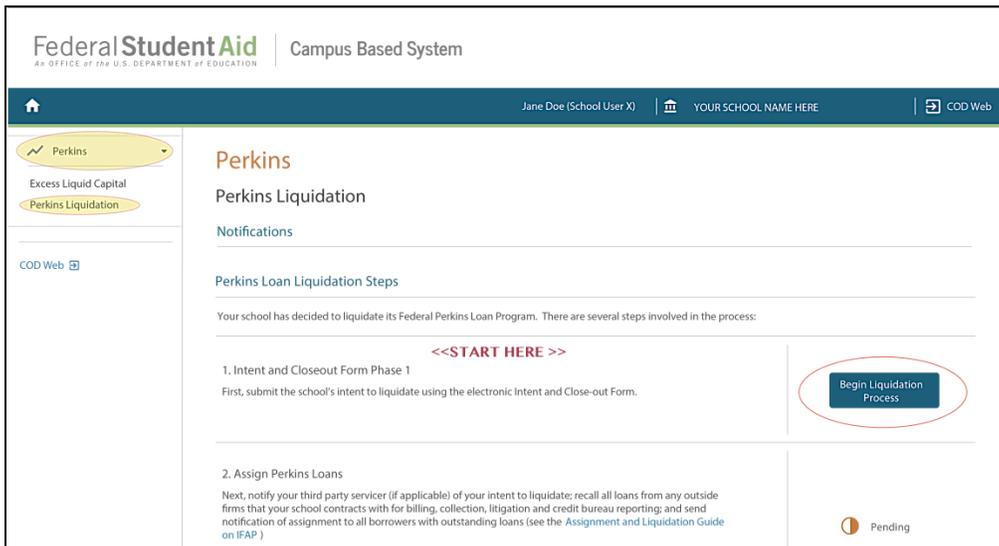
- 1. Intent and Closeout Form Phase 1**  
First, submit the school's intent to liquidate using the electronic Intent and Close-out Form. **Begin Liquidation Process**
- 2. Assign Perkins Loans**  
Next, notify your third party servicer (if applicable) of your intent to liquidate; recall all loans from any outside firms that your school contracts with for billing, collection, litigation and credit bureau reporting; and send notification of assignment to all borrowers with outstanding loans (see the [Assignment and Liquidation Guide on IFAP](#) )  
Assign all outstanding Perkins loans to the Department (see the [Assignment and Liquidation Guide on IFAP](#) )  
Ensure all loans have been properly reported and/or updated on NSLDS (see the [Assignment and Liquidation Guide on IFAP](#) ) **Pending**
- 3. Intent and Closeout Form Phases 2 & 3**  
Once all loans are assigned, complete Phase 3 of the Intent and Close-out Form by entering the school's current cash on hand balance. The final capital in the Fund is to be distributed between the Department and the school. The system calculates this distribution of the final capital and communicates the Federal share amount owed to the Department. **Continue Closeout Form**
- 4. Remit Federal Share Owed**  
Remit the Federal share owed to the Department. If your school is required to repay the Federal share of its Perkins Fund, the amount required from the school and the instructions for repayment are provided in the Federal Share Owed letter posted on the school's self-service page. **Pending**
- 5. Intent and Closeout Form Phase 4**  
Once you have remitted the Federal share owed to the Department, complete Phase 4 of the Intent and Closeout Form by entering FISAP data that reflects the final close-out activities; this includes the cumulative repayment of fund capital to the Federal government, the cumulative repayment of fund capital to the school, the final cash on hand balance (which should be zero after the Federal/institutional split of the fund occurs), and the final, cumulative loan totals as indicated on the form. **Complete Closeout Form**
- 6. Perkins Close-Out Audit**  
A Perkins close-out audit is also required. Please see the Perkins Assignment and Liquidation Guide for specific instructions regarding the close-out audit. **Pending**

Figure 3 - A Screenshot of the Perkins Liquidation Home Page and Steps in the Liquidation Process

**Phase 1. Intent and Closeout Form**

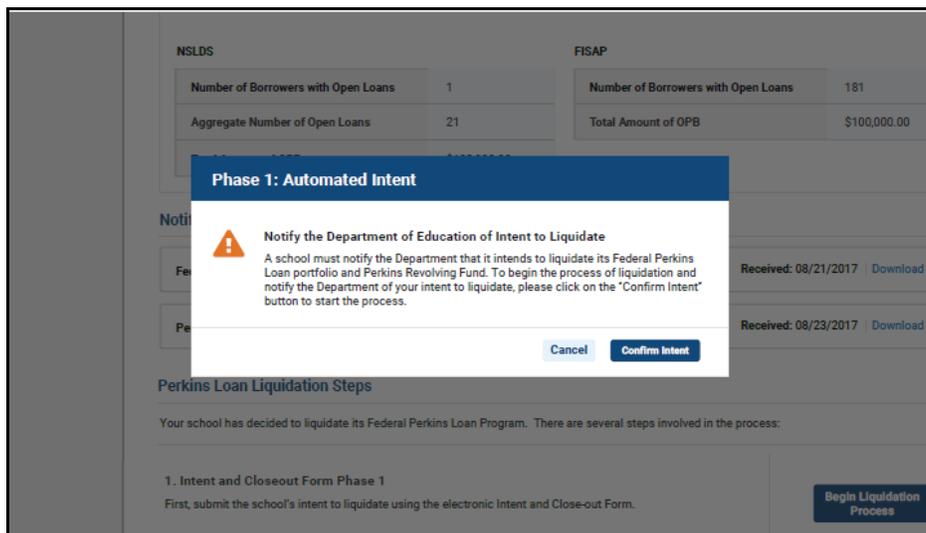
When a school either decides or is required to liquidate its Federal Perkins Loan portfolio and Fund, the first step confirms its intent to liquidate to the Department electronically through the COD System. To start, click the “Begin Liquidation Process” button.



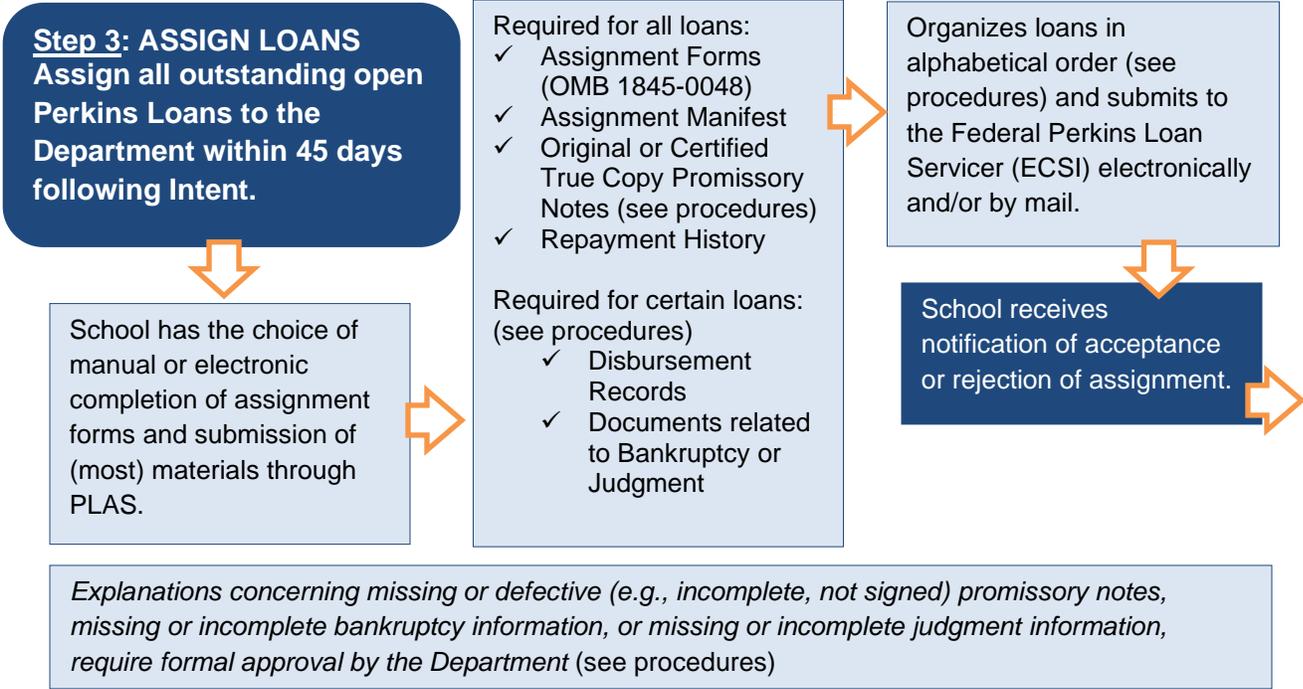


**Figure 4 - Phase 1 in the Process is to Submit Intent, Contact Servicer, and Notify Borrowers**

When a school clicks the “Begin Liquidation Process” button, a confirmation message is displayed. Clicking “Confirm Intent” confirms and submits the school’s intent to liquidate. Clicking “Cancel” returns users to the Perkins Liquidation homepage. Once the Intent to Liquidate is submitted, a timestamp is displayed with the user ID, the date and time that the Intent was submitted. A confirmation email is sent to the Financial Aid Administrator and Phases 2 and 3 of the form are displayed to the user.



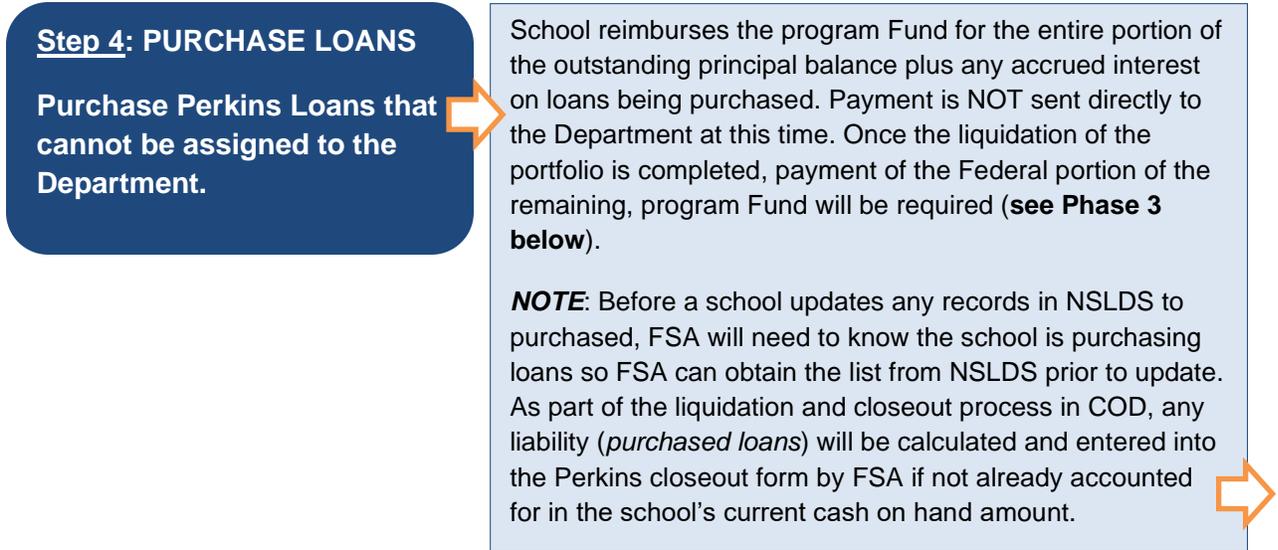
**Figure 5 - Confirm Intent to Liquidate Message**



**Phase 2. Latest Reported FISAP Data**

Phase 2 of the Intent and Closeout Form displays data from the school’s most recently submitted FISAP. This section indicates the actual data from the FISAP that is used. If a school completes a change request to correct any of its data on its most recently submitted FISAP or submits another annual FISAP, the new data will appear here in Phase 2.

**NOTE: There is no action taken in Phase 2.** Data is never submitted directly into Phase 2 of the Intent and Closeout Form. If the data displayed is incorrect, it must be corrected on the FISAP.



**Phase 1: Automated Intent**
[Learn More](#)

**Notify the Department of Education of Intent to Liquidate**

A school must notify the Department that it intends to liquidate its Federal Perkins Loan portfolio and Perkins Revolving Fund. To begin the process of liquidation and notify the Department of your intent to liquidate, please click on the following button to start the process.

*Intent to Liquidate submitted by user1ecb0111 on 08/03/2017 3:00 PM EST* Confirm Intent

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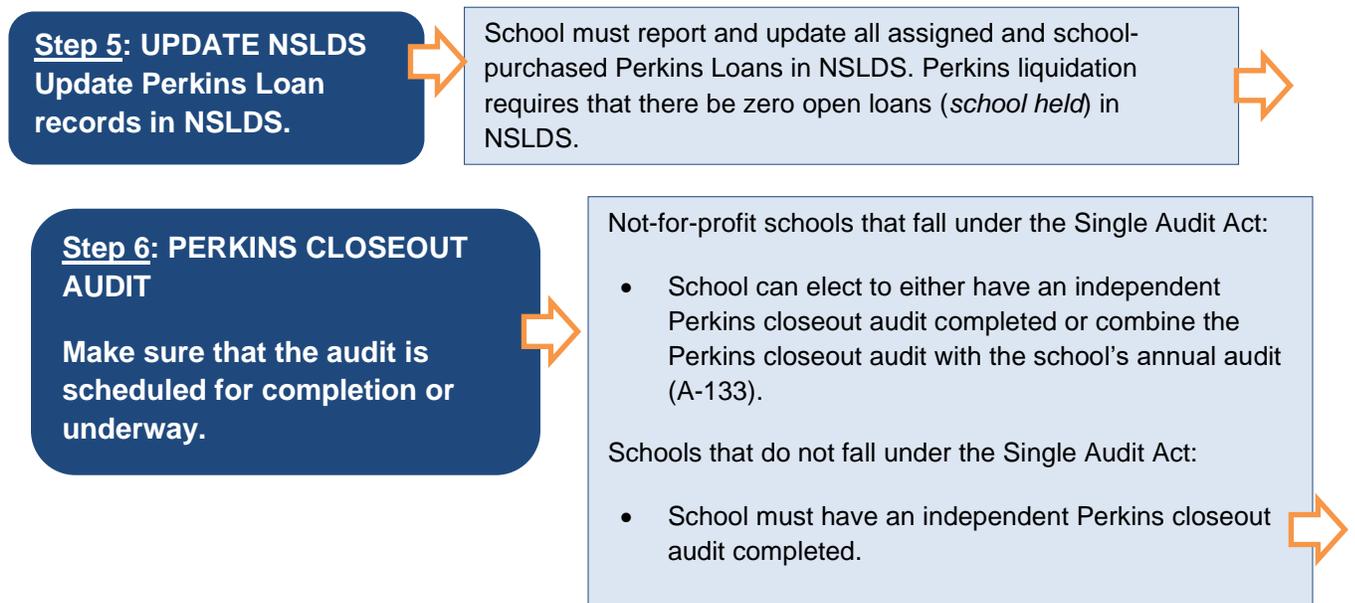
**Phase 2: Latest Reported FISAP Data**
[Learn More](#)

**Data is from Latest Submitted Fiscal Operations Report, Part III**

Part III. Federal Perkins Loan Program

Section A. Fiscal Report(Cumulative) from latest FISAP data submitted	Number of Borrowers	Amount
1.1 Latest Cash on hand in depository		\$ 2323
4. Funds advanced to students (cumulative) and Amount	23	\$ 4454
27. Federal Capital Contributions		\$ 434334
28. Repayment of fund capital to federal government		\$ 4343
29.3 Institutional Capital Contributions		\$ 9908
30.3 Repayemnts of fund capital to school		\$ 8677

Figure 6 - Phase 2 Latest Reported FISAP Data from Submitted FISAP



### **Phase 3. Automated Federal-Institutional Distributional Share Calculation**

The Department monitors each school's progress in completing the Perkins Loan assignment process which includes the important steps of updating or reporting Perkins records to NSLDS. It is very important that schools communicate with their Perkins Portfolio and Liquidation Team point of contact at this step, or at the point which the school has finished assigning all the outstanding loans in its portfolio and updating NSLDS data. If your school does not know the Perkins Portfolio and Liquidation Team point of contact, you can send an email to [perkinsliquid@ed.gov](mailto:perkinsliquid@ed.gov).

After all assignments have been accepted and updates to NSLDS are complete, the Department records the total outstanding principal balance (OPB) plus any calculated interest required to purchase loans not assigned or rejected for assignment (if applicable). If there are no loans to be considered as a liability or the school has already accounted for purchasing any loans by adding cash to its Perkins Fund, the Department will enter \$0 allowing the school to proceed to the next step in this phase of the process. This next step requires the school to enter and submit the Current Cash on Hand balance of its Perkins Fund.

The screenshot shows a web form with the following elements:

- A text input field labeled "Total OPB + Interest required to purchase remaining loans" with a dollar sign icon to its right.
- A text input field labeled "Current Cash on Hand Balance" with a dollar sign icon to its right.
- A red warning box containing a triangle icon and the text: "An administrator needs to update the 'Total OPB + Interest required to purchase remaining loans' field before you can enter the 'Current Cash on Hand Balance'."
- A text input field labeled "Total Cash on Hand Asset" with a dollar sign icon to its right.
- A text input field labeled "Federal Share Owed to the US Department of Education" with a dollar sign icon to its right.
- At the bottom right, there are "Cancel" and "Submit" buttons.

**Figure 7 - The Department Enters OPB for Purchasing Loans (if applicable) and School Enters Current Cash Balance in Fund**

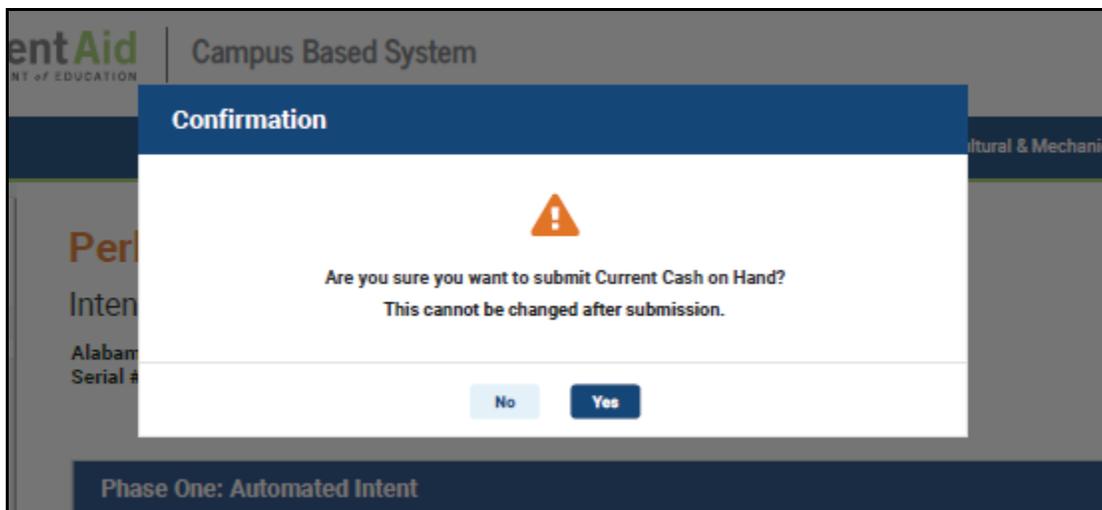
Data entry on the closeout form is the same as when a school completes its FISAP. Schools cannot enter commas or decimal points; when entering a dollar amount, use whole dollars only, rounding to the nearest dollar. *For example, report \$175 if the actual amount in your records is \$175.49. Report \$176 if the actual amount in your records is \$175.50.*

The amount entered in the Current Cash on Hand Balance is checked against the previously reported Cash on Hand on the FISAP. If the amount is significantly less than previously reported, an edit is displayed at the top of the screen and you are required to provide an explanation in the text box which is then displayed at the bottom of the Phase 3 section of the form.

**Figure 8 - Current Cash on Hand Balance Entry Edit**

**NOTE:** The character limit for the explanation is 3000 characters including spaces. If the explanation exceeds the character limit, the explanation is not saved, and the edit does not allow the entry for the Current Cash on Hand balance.

Upon entering the explanation and clicking the Submit button, a confirmation box is displayed. A school confirms the explanation and proceeds by clicking Yes, clicking No returns to the edit and explanation.



**Figure 9 - Confirmation Message of Current Cash on Hand Balance**

Once confirmed, the submission of the Current Cash on Hand is logged in the system under the Self-Service page detailing the user ID and the date and time of the submission, the Federal Share Owed the U.S. Department of Education is calculated and displayed. Phase 4 is displayed but not yet opened for data entry.

If there is a Federal Share of Liquid Capital Owed, an automated email is sent to the school and an official letter communicating the amount of the Federal Share of Liquid Capital Owed and instructions for remitting payment to the Department is posted to the school's Perkins Liquidation status page under Notifications.

Figure 10 - Perkins Liquidation Page where Notifications and the Intent and Closeout Form are found

**Step 7: REMIT THE FEDERAL SHARE**

Remit the federal share of the remaining Perkins Fund to the Department.

Distributional shares (Federal – Institutional) are determined using the Distributional Shares Formula. This formula is calculated in **Phase 3** (see above) of the Perkins Intent and Closeout Form in COD. The calculation includes the latest cash on hand amount as reported by the school and may include the outstanding principal amount plus interest for any loans the school may have to purchase.

School remits federal share via G5 at <https/g5.ed.gov> using the Miscellaneous Refunds option.

Explanation of Calculated Fields in Phase 3 of the Perkins Intent and Closeout form

**Calculated Net FCC (FCC minus repayment of fund capital to federal government):**

*This field is calculated using Part III, Section A, Field 27 minus Field 28.3 from the latest FISAP*

**Calculated Net ICC (ICC minus repayment of fund capital to school):**

*This field is calculated using Part III, Section A, Field 29.3 minus Field 30.3.*

**Current Cash on Hand balance:**

*This field is entered by the school*

**Total OPB + interest required to purchase remaining loans:**

*This field is calculated and entered by the Department after all Perkins Loans have been assigned and all NSLDS records for these loans have been updated.*

**Total Cash on Hand Asset:**

*This field is the total of the fields Current Cash on Hand Balance plus OPB + interest required to purchase remaining loans (this is the amount of money that will be split between the federal government and the school).*

**Federal Share Owed the US Department of Education:**

*The calculation for this field is:  $((\text{net FCC}) / (\text{Net FCC} + \text{Net ICC})) \times \text{Total Cash on Hand Asset}$*

**Phase 4. Final Closeout**

If there is no amount owed to the Department, or a school's receipt of the amount owed has been verified, the fields in Phase 4 will be made available for data entry. Be certain to communicate with your point of contact on the Perkins Portfolio and Liquidation Team so you may be advised on final steps.

This phase allows a school to submit final FISAP data at any point once the final liquidation steps or repayment of final capital have been completed. Schools no longer have to wait to submit data on an annual FISAP to complete the process of liquidation. Your Perkins Portfolio and Liquidation Team point of contact can assist in explaining next steps (completing Phase 4 and/or Part III on your annual FISAP submission).

When a school submits its data in Phase 4, the school affirms that any remaining cash asset was properly repaid to the Department and to the school and that the Perkins Fund has been closed. Repayments of fund capital to federal government (line 28.3) and school (line 30.3) should include the previously reported amounts plus any additional final payments made as a result of liquidation and closeout. The school also enters and affirms that all Perkins Loans have been satisfied (fully retired, purchased, or assigned and accepted).

The following provides further instruction on completion for each line item in Phase 4. Each line number and instruction for completion below correlates to the line item and instruction provided on the FISAP:

1.1. Latest Cash on Hand in depository: By completing Phase 4, a school attests to the fact that any final capital has been distributed and none remains in the Fund and the account is closed (*this block is not editable*).

28.3. Repayments of fund capital to federal government: Report the CUMULATIVE amount (federal share) repaid to the federal government as distribution of excess or liquidated fund

capital—through the submission of this data. For example, any final amount paid as required by the Federal Share Owed letter would be added to the amount reported on the most recently submitted FISAP in Section A, Field 28.3 (Repayments of fund capital to federal government), increasing the total and final amount being reported to the Department.

**30.3 Repayments of fund capital to school:** Report the CUMULATIVE amount distributed to the institution as excess or liquidated fund capital—through the submission of this data. For example, any final amount paid from the Fund to the institution would be added to the amount reported on the most recently submitted FISAP in Section A, Field 30.3 (Repayments of fund capital to the school), increasing the total and final amount being reported to the Department.

**1. Borrowers whose loans are fully retired (including those purchased by school):** Number of Borrowers column: Report the unduplicated, CUMULATIVE number of all past borrowers who, as of the submission of this data, have completely repaid their loans or had them canceled.

Include:

- any write-off accounts with balances of less than \$25 (or less than \$50 if the borrower has been billed for two years),
- any loans discharged because the borrower was unable to complete a program in which he or she was enrolled due to the school's closing, and
- any school purchased loans because these loans were deemed unenforceable by the Department and were rejected for assignment.

Amount Lent column: Report the total dollar amount lent to those borrowers.

**1.2 Amount of loans that have been purchased:** Of the loans included in 1 as fully retired, report the outstanding principal balance, all interest due, and any collection fees due on all loans you submitted for assignment that were not accepted and for which your school reimbursed the Fund, under *Principal Amount* column.

**2. Borrowers whose loans were assigned and officially accepted by US Department of Education:** Report the total principal amount outstanding when the loans were assigned to and accepted by the Department. DO NOT include any unpaid penalty/late charges assessed the borrower on any loans assigned to the Department. Any payment your school might have received from such a borrower after the Department's acceptance of the assigned loan is not to be reflected in this report.

**Step 8: FINAL FISAP DATA**

**Complete and submit final FISAP data either on FISAP Report or in Phase 4 in COD.**



School logs onto COD and enters final FISAP data in Phase 4 of the Perkins Intent and Closeout Form.

Phase 4: Final Closeout
Learn More

Once Verification and Receipt of Cash on Hand is Processed, Schools can submit Final FISAP Closeout Online at any time if final activity has yet to be reported - the following will open up to schools.

**Note that the data in this section correlates to the same line item on the FISAP for Part III. Section A.**

	Amount
1.1.1. Latest Cash on hand in depository	\$0
28. Repayment of fund capital to federal government *	\$
30.3 Repayments of fund capital to school *	\$

**Note that the data in this section correlates to the same line item on the FISAP for Part III. Section C.**

	Number of Borrowers	Amount Lent
1. Borrowers whose loans are fully retired * (including those purchased by school)	[ ]	\$
1.2 Amount of loans that have been purchased		Principal Amount \$
2. Borrowers whose loans were assigned and officially accepted by US Department of Education *	[ ]	Principal Amount \$

Cancel
Submit Closeout

Figure 11 - Phase 4 Final FISAP Data can be reported by Completing and Submitting Data through Phase 4

Upon entering the data and clicking the Submit button, a confirmation box is displayed. A school confirms the data entry and proceeds by clicking yes; clicking no returns user to Phase 4 without submitting data.

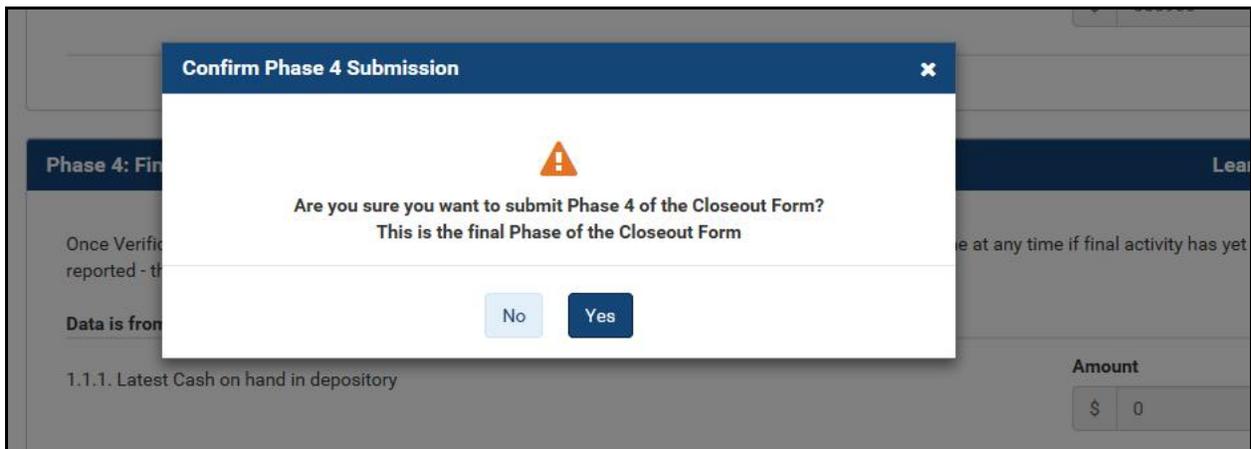
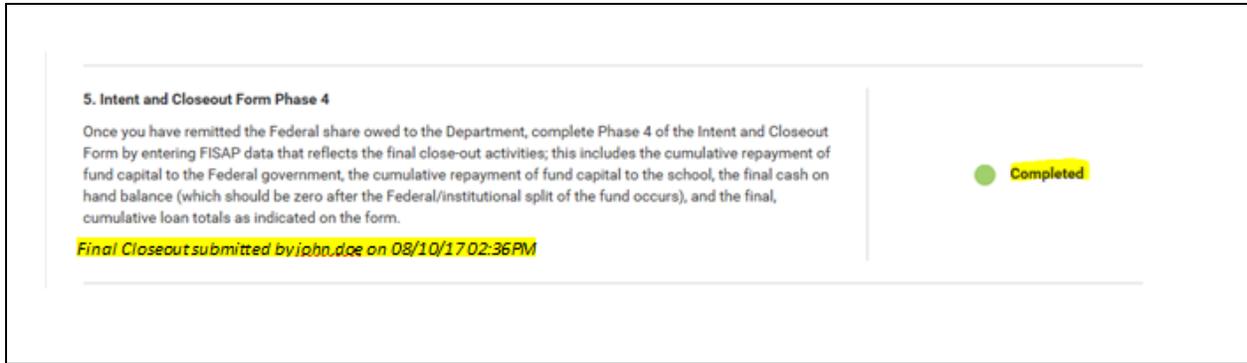


Figure 12 - Confirmation of Data Submission in Phase 4 of the Closeout Form

Once confirmed, a timestamp is displayed at the bottom of the Phase 4 fields that indicates that the Final Closeout Report was submitted, the user ID, and the date and time of the submission.



**Figure 13 - Timestamp Showing User ID, Date, and Time of the Submission**

### **Closeout Audit**

The final requirement for the Federal Perkins Loan Program Liquidation is the closeout audit. Specific instructions regarding the audit are provided in the Perkins Assignment and Liquidation Guide under STEP 6: PERKINS CLOSEOUT AUDIT, on page 38.

It is important that a copy of the school's closeout audit be emailed to either the school's point of contact or to [perkinsliquid@ed.gov](mailto:perkinsliquid@ed.gov). Upon receipt by the Perkins Portfolio and Liquidation Team, the closeout audit will be reviewed.

### **Completion**

Once the Department validates that the Perkins Liquidation is complete, a completion status will be logged in COD. An email will be sent to the school stating that liquidation has been completed. When the process is complete, the Department's official Perkins Liquidation Letter of Completion can be found on the school's Perkins Liquidation page under Notifications.

The screenshot displays a web interface for Perkins Liquidation. On the left is a navigation sidebar with 'Perkins' at the top, followed by 'Excess Liquid Capital' and 'Perkins Liquidation' (which is highlighted). Below the sidebar is a 'DOD Web' link. The main content area has a header 'Perkins' and a sub-header 'Perkins Liquidation'. Underneath is a 'Notifications' section containing two items: 'Federal Share of Liquid Capital Owed' (received 08/21/2017) and 'Perkins Liquidation Letter of Completion' (received 08/23/2017), both with 'Download' links. Below this is a 'Perkins Loan Liquidation Steps' section with a paragraph explaining the liquidation process. A green checkmark icon indicates 'Liquidation Completed', with a message stating that no further action is required and the most recent Intent and Closeout Form can be viewed below. At the bottom of this section is a 'View Form' link. A final box at the bottom shows 'Intent and Closeout Form' (updated 08/03/2017) with a 'View Form' link.

Figure 14 - Perkins Liquidation Letter of Completion Posted to School's Perkins Liquidation Page

# APPENDIX C: Assignment at a Glance

## **Required for ALL loans**

	<b>MANUAL Assignment Submission</b>	<b>ELECTRONIC Assignment Submission (PLAS)</b>
Assignment Form	Complete Federal Perkins Loan Program/NDSL Assignment Form (OMB 1845-0048). The form is in two parts: <ol style="list-style-type: none"> <li>Complete <b>one Institutional Certification page</b> for <u>each</u> assignment submission package.</li> <li>Complete <b>one Borrower and Loan Information page</b> <u>for each loan</u>.</li> </ol>	Complete Federal Perkins Loan Program/NDSL Assignment Form (OMB 1845-0048) information online: <ol style="list-style-type: none"> <li>An automated certification process is built into the on-line submission process.</li> <li>Complete Borrower and Loan Information for each loan. Can be done one-by-one by data entry, or in batches by batch file upload.</li> </ol>
Assignment Manifest	Create an assignment package manifest to be submitted with each assignment package. <ol style="list-style-type: none"> <li>A manifest listing the loans being submitted for assignment must accompany each assignment package.</li> <li>Please see Section C of the Institutional Certification page of the Perkins Assignment Form (OMB 1845-0048) for detailed instructions on the contents and format of the manifest.</li> </ol>	A manifest will be created for you by the system. <ol style="list-style-type: none"> <li>This manifest will need to be attached to the hard copy original or certified true copy promissory notes and any supporting documentation mailed to ECSI.</li> </ol>
Original Promissory Note	Provide a <b>hard copy original or certified true copy</b> promissory note for each loan.	Promissory note may be uploaded electronically. However, the <b>hard copy original or certified true copy</b> promissory note must be mailed in as well.
Repayment Records	Provide a copy of the student's loan repayment record history with each loan.	Upload or mail a copy of the student's loan repayment record history with each loan.

## **Required ONLY for the circumstances noted**

Disbursement Records	Disbursement records are only required when an MPN is used.
Bankruptcy Documents	Please see the Bankruptcy Information section for further details and documentation requirements for loans involved in bankruptcy.
Original Judgment Documents	ONLY required if a school has taken or initiated legal action against a borrower. See Judgment Information section for documentation details.

**Missing Documentation (See Procedures for requesting approval for missing, defective documentation, or other extenuating circumstances)**