

CHAPTER V: SERVICES FOR AN ADDITIONAL FEE

A. COLLECTION AND ACCOUNT MONITORING SYSTEM FOR SUNDRY DEBTS

1. The University is interested in utilizing an internal collection and account monitoring system that is supported by the loan servicer for the collection of sundry debts (i.e., debts other than the long-term loans on the loan servicer's system). Sundry debts can include student account receivables, library and/or parking fines, debts owed by nonstudents or companies, delinquent short-term or emergency loans, etc. In the event a delinquent/defaulted student loan borrower also owes sundry debt(s), the system should link the student loan and sundry debt information so that a given collector can easily work receivables of all types due from an individual. The number of sundry debts that each campus might load into such a system depends on factors, including, but not limited to, the extent to which the system meets the campus's needs, the cost of the service, etc. Some campuses are interested in using the collection system as the repository for their non-student loan receivable accounts. In other words, once the receivable is added to the system, the information pertaining to the receivable account would remain in the system for historical reference purposes, even after the account was paid in full or written off, until a mutually agreed upon period of retention had expired, after which the account information would be archived.
2. In addition to the applicable features of the collection and account monitoring system for student loans, described in Section H, the system for sundry debts should accommodate the following needs:
 - a. Use of the system as a billing system for both current and delinquent sundry debts (some campuses may use it for both while others may use it just for delinquent sundry debts).
 - b. Conversion reports for the addition of new sundry debts to the system (similar type of support as that used for the conversion of new loans and additional advances).
 - c. Reporting, reconciliation, and accounting of amounts converted, paid, written off, e.g., amount outstanding, amount paid, etc., by the categories of receivables, student fees (fees, late charges, collection costs), housing charges, fines, etc. This support is intended to assist the campus in making the appropriate general ledger entries.
 - d. Clear distinction of loans written off as uncollectible from other reasons for the loan being closed, e.g., paid in full, cancelled in full, small-balance write off, etc.
 - e. Automatic reversal of a write-off in order to apply a payment.
 - f. Support of a campus-specified payment hierarchy when a borrower owes different types of sundry debts. If the borrower has federal student loans and

sundry debts, the payment hierarchy should give priority to the payment of the federal student loans.

- g. The system should produce files and/or reports for campus use, if desired, as follows:
 - 1) to place holds on records of new delinquent sundry debts added to the system;
 - 2) to place holds on records when sundry debts reach a specified age of delinquency (as defined by the campus);
 - 3) to release holds on records when a student previously had a delinquent/defaulted debt that met the “hold on records” criteria but now all of the student’s debts are current and/or paid in full.
 - 4) to return promissory notes to short-term or emergency loan borrowers whose loans are now paid in full.
- h. Unless otherwise agreed to, the general retention period of “resolved” accounts should be five (5) years.

B. SPECIAL MASS MAILINGS

The University may, on a rare occasion, need to notify or contact some or all of its borrowers. When such notification or contact is necessary and cannot be accommodated by the use of routine messages on the billing statements or notices, the University would like to utilize the loan servicer’s services to send a special mailing to its borrowers. (It should be noted that the last time such a mass mailing was needed was in 1984; the University does not have any current plans for another mass mailing.)

- 1. The Office of the President would provide the text of the letter for each special mailing to the loan servicer.
- 2. The University would provide the loan servicer with the specifications to identify the borrowers to whom the letter is to be sent.
- 3. The scope of the loan servicer’s responsibilities related to these mailings would include, but is not limited to, the following:
 - a. Generating the letters and, when necessary, personalizing them by reflecting the borrower's name, address, account identification information, and selected loan detail (more than likely, there would be one letter generated per borrower rather than one per loan);

- b. Selecting and identifying the borrowers to whom the letters will be sent, based on the University's specifications;
- c. Supplying all materials and postage required (the University would reimburse the student loan servicer for the actual cost of materials and postage; documentation to support the costs would be required of the loan servicer);
- d. Mailing the letters; and
- e. If the mail is to be returned to the vendor, handling any returned mail in accordance with established procedures for the University.

C. E-SIGNED PROMISSORY NOTES

1. The loan servicer should support electronic promissory notes (master promissory notes where permissible) and accept electronic signatures (e-signatures). The loan servicer's system for electronic signatures of Federal Perkins Loan promissory notes should conform to the E-Sign Act as well as the U. S. Department of Education's standards in order for its clients to qualify for safeharbor status. The standards used for other federal loan programs should conform to those of the respective authorizing federal agency. To the extent the loan servicer can support the larger institutional loan program notes, standards adequate to ensure enforcement of the notes in court should be followed.
2. The loan servicer should provide an efficient and effective means by which the loan award information can be communicated by the campus to the loan servicer in order for the electronic promissory notes to be produced on a borrower-specific basis.
3. The process for the student should be straightforward and user friendly, especially if the borrower has loans from multiple programs. The borrower should not need to use different personal identification numbers or passwords for Federal Perkins Loans and non-Federal Perkins Loans. The information provided to the borrower should be clear, accurate, comprehensive, and easy to understand, and the borrower should be able to identify readily the amount of loan he or she has been offered for the current term/year as well as the amount he or she has accepted cumulatively from the campus.
4. The loan servicer should provide a procedure to allow a borrower or prospective borrower to decline to sign a note electronically and then have the system automatically send the hard copy document directly to the student.
5. Once the promissory notes are signed electronically, the loan servicer should send a file of the pertinent information to the designated campus office on a frequency that is mutually agreed upon between the loan servicer and the campus. During peak processing periods, the frequency might be daily. The purpose of transmitting these data is to allow the campus to disburse the appropriate amount of loan funds to the student in a timely manner.

6. The loan servicer should provide the designated campus office with information necessary to facilitate the successful and accurate reconciliation of the loan amounts with the loan documents.
7. The loan servicer's system should monitor the promissory note document dates to ensure that the promissory note remains valid pursuant to the relevant program regulations. For example, for a Federal Perkins Loan master promissory note, the system should have a means of notifying campuses, or for taking the appropriate action in an efficient and effective manner, when it is determined that notes have expired or for which no loan advances have been made within twelve months of the note being signed.
8. The loan servicer should provide online access to borrowers as well as authorized University staff to the electronic documents—both before and after they are signed.
9. Upon request by the University, the loan servicer should provide all of the electronic information to the University that has been disclosed to the University's students as well as all documents that University students have signed electronically. In addition, the loan servicer should provide the information and any needed assistance, along with the technical specifications and software, if necessary, to ensure that the University can support, maintain, and retrieve independently, without reliance on the loan servicer's system, the information electronically for informational and loan enforcement purposes.