

BACKGROUND

The Department of Education (the Department) is authorized to accept Federal Perkins Loan (Perkins Loan) assignments under Section 463(a)(5) of the Higher Education Act of 1965, as amended [20 U.S.C. 1087cc] at any time during the program year. Typically, these assignments take place for loans which have been in default. Campus practice has been to place holds on student accounts for failure to complete exit counseling or when a loan has been in long-term delinquency or default. The types of holds placed may vary amongst campuses and may include withholding diplomas, registration, and enrollment. The holds are released when the deficiency that caused the hold is resolved.

While schools may continue to service Perkins loans through the program wind down, the Department issued [EA ID: GENERAL-21-53](#) on August 27, 2021 clarifying that Perkins loans which have been in default for two or more years must be assigned by June 30, 2022. This will result in larger numbers of Perkins loans being transferred from our campuses to the Department.

The [Perkins Assignment and Liquidation Guide](#) states that when a campus assigns a loan and the Department *accepts* the loan, all rights and responsibility for servicing and collection on the loan becomes the responsibility of the Department. ***All rights, authorities and privileges associated with the loan are transferred to the Department.*** All future payments will be made to the Department and are the property of the United States government. Assignment of loans means the university also forfeits their right to recuperate their institutional investment.

University of California Office of the President Guidance

This document reflects the University's current understanding of Department of Education regulations and corresponding guidance to assist UC campuses with compliance when Perkins loans are assigned to and accepted by the Department.

Given the University no longer owns or has any rights or responsibilities for the borrower's Perkins loan(s) once the Department *accepts* the Perkins loan assignment, the borrower's obligation to the University is considered to be satisfied. As such, UC campuses should release any holds related to Perkins loans which are *accepted* by the Department of Education for assignment. This includes any flags or identifiers which may result in the withholding of a diploma, degree, account record, or other information requested by the student of their student record at the campus.