

LAKE SUPERIOR STATE UNIVERSITY PROCEDURES MANUAL

Administrative Policy

Section: Business Operations and Support

Section Number: 3.7.7

Subject: Federal Loan Collections (Perkins,
NDSL, Nursing)

Date of Present Issue:
6/25/2025

Date of Previous Issues:
08/82, 11/95, 06/00

Policy Statement:

All collection activities and procedures must strictly adhere to Federal Guidelines, policies, and regulations according to the Federal Register. Each program has its own regulation. Nursing Program 42 CFR Part 57; Perkins (NDSL) 34 CFR Part 674. The Federal Perkins Loan program ended September 30, 2017, with final disbursements permitted through June 30th, 2018. Federal Regulations are still adhered to while the loans are closed out.

Scope:

This policy applies to Business Operations and participants of the Federal Nursing Loan and Federal Perkins Loan programs.

Definitions:

- [Nursing Program 42 CFR Part 57](#)] – regulations on grants for construction of teaching facilities, educational improvements, scholarships, and student loans within the Department of Health and Human Services.
- [Perkins \(NDSL\) 34 CFR Part 674](#) – regulations for the Federal Perkins Loan Program.

Business Operations Procedures:

1. Provides borrower with rights and responsibilities information before loan is signed. Borrower must complete a Master Promissory Note, rights and responsibilities, and personal information sheet before loan is completed.
2. Mail Semester Promissory Loan Note and corresponding information sheets to borrower. Loan note must be signed and paperwork completed in its entirety, and returned prior to disbursement of funds. Then, ten days prior to enrollment, loan will be applied to student's account and excess aid over charges are refunded to student as "excess financial aid." Subsequent loan advances are signed at Business Operations at the time of disbursement.
3. Reviews official registration report each semester for students who have withdrawn from school without notifying Business Operations.
4. Arranges electronic exit interviews with departing students and provides a repayment schedule and a copy of their loan note(s). Repayment schedule and information is sent by mail. If not completed within thirty (30) days of original creation, documents are mailed a

second time as certified. The signed returned Certified Mail form is proof the student received the documents.

5. Files Master Promissory Loan Notes in fireproof safe..
6. Business Operations will follow the billing procedures required and outlined by the Federal Perkins Loan Program (34 CFR 674).
7. Perkins borrower may sign "Rehabilitation of Loan" to bring account to current status. Additional collection efforts will be made before account is sent to an outside collection agency if it is determined that in-house collection will effect payment.
8. If collection efforts by outside collection agencies have failed, and it is determined that the borrower has assets, then legal proceedings may be brought against the borrower.
9. Uncollectible Perkins loans are assigned to the Department of Education according to Federal Regulations, and are no longer an asset on University records. Nursing Loans are written off or purchased by LSSU according to Health and Human Services Regulations.
10. Grants deferments and forbearance after receipt of supportive documentation. Determines eligibility of cancellation provisions according to Promissory Notes.
11. Sends Annual Operations Report to Health and Human Services.
12. Submits annual collections information for Department of Education Fiscal Operations report.
13. Places holds on academic records of delinquent borrowers.
14. Files letters and notices in student files in Business Operations.
15. All letters and receipts sent from Business Operations are imprinted with "Address Service Requested" to keep addresses current.

Responsibilities:

Business Operations oversees the above procedures as acting servicer for the in-house Federal Nursing and Perkins loans per Federal Regulations.

Review Cycle:

This policy will be reviewed as necessary by Business Operations to ensure its compliance with state and federal laws.