

Federal Perkins Loan Program (Perkins Loan) Assignment Submission Procedures for Schools, Effective May 1, 2002

I. SUBMISSION PERIOD DEADLINE

Postsecondary institutions may submit assignment packages at any time during the processing year (the processing year runs from July 1 to June 30, for example, July 1, 2001 - June 30, 2002). However, to avoid delays in processing and facilitate the FISAP reporting process, any assignment submission or resubmission mailed between June 21 and June 30 must bear a postdated certification date of July 1 of the following processing year with interest due for the assignment package reported through that date.

II. SUBMISSION DOCUMENTATION

The documentation items included in the following list are required to be submitted by an institution for any loan that is assigned to the Department, regardless of the type of loan or default time frame. The first set of items, numbered 1 – 6 and preceded with an (R), are required to be included as part of the assignment submission package to ED. These items are described in the summaries in Section II-C, subsections 1 through 6.

The second set of items, numbered 7 – 11 and preceded with an (O), are described in Section II-D, subsections 1 through 5. An institution may, but is not required to, include these with the assignment submission package. If submitted to ED, these items will be retained in the borrower's file. In no case will submission of these optional items result in the loan being rejected for assignment. The items that are not included in the assignment submission package must be retained by the institution for at least 3 years from the date the loan is assigned, in accordance with 34 CFR 674.19(e).

A. Summary Listing of Required Documentation

- (R) 1. Submission Package Manifest;
- (R) 2. ED Form 553 (Expiration Date: 03/31/2003) original and photocopy;
- (R) 3. Original Promissory Note(s);
- (R) 4. Judgment Information (if applicable);
- (R) 5. Bankruptcy Information (if applicable);
- (R) 6. Due Diligence Documentation (if applicable).

B. Summary Listing of Optional Documentation

- (O) 7. Signed Repayment Schedule;
- (O) 8. Complete Repayment History;
- (O) 9. Acceleration Notice;
- (O) 10. Documentation of Recall
- (O) 11. Copies of Approved Cancellation and Deferment Documentation

If a borrower has more than one loan, and these loans are being assigned, separate supporting documentation must be included with each loan. To expedite the review process and reduce the number of rejected accounts, the title of each required document in the assignment package (except for the original promissory note and ED Form 553) should be included at the top of each document.

If there are certain items in the submission documentation supporting a loan being assigned that need clarification or justification (for example, your institution has made a disbursement after the departure date), you should include with that loan's documentation a statement on institutional letterhead explaining the circumstances. Explanations concerning certain documentation, as noted throughout these procedures, may require formal approval by the appropriate ED official, as noted in Section VI "Information Sources".

C. Description of Required Documentation

1. Submission Package Manifest

Each assignment package of accounts submitted to ED must include a manifest (list) on institutional letterhead that includes the following formatted information on the loans being assigned. (Do not include this information as part of a cover letter.):

Borrower's Name and Social Security No.	Type of Loan	Interest Rate on the Loan	Total Amount Outstanding (ED Form 553 Item #65)
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Under "Type of Loan" you must indicate E (Defense), I (Direct) or P (Federal Perkins).

If a borrower has loans of different types and interest rates, each loan should be listed separately.

If a manifest is included that is not consistent with the contents of the assignment package, your institution will be notified. However, unless you notify ED of any concerns about this discrepancy, the processing of your institution's submission will continue. If the institution requests that the assignment package be returned, a revised manifest must be included with any resubmissions.

2. Use of ED Form 553

The approved ED Form 553, bearing an expiration date of 03/31/2003, must be used for assignment submissions. The forms can be accessed through the following Website address: www.ifap.ed.gov. An institution may also use a computer-generated facsimile or photocopy of the approved ED Form 553. Assignments using any form other than the approved ED Form 553 or facsimile will be rejected. The submitted ED Form 553 must provide all required information and contain the signature of the institutional official who is authorized to transfer assets. Although the form should generally bear the original signature of the authorized official, a signature stamp may be used in the case of large submissions.

If an institution chooses to use a computerized facsimile of ED Form 553, it must ensure, to the extent possible, that the computer-generated form is identical in format and content to the OMB-approved ED Form 553. All facsimiles must:

- a) be vertical in format;
- b) be no more than two [2] pages in length;
- c) have each data item "blocked" and in the identical layout;
- d) use a font size of 10 or higher; and
- e) include the specific language of the ED Form 553, including the OMB burden of work estimate, the declaration of assignment, and all item numbers and descriptions. In addition, all facsimiles will be reviewed for legible printing. Facsimiles that do not comply with these requirements or cannot be easily read due to tight spacing or blurring will be rejected.

Completion of ED Form 553

A response should be provided to all items on the ED Form 553. Both general instructions and more detailed instructions are provided as an Attachment to this Dear Partner Letter. The following clarifies and explains common errors that cause ED Form 553s to be rejected.

- a) Items 2, 3, 4, and 7 must reflect the address (including city, state and zip code) of the institution submitting the assignment. In no case may the address appearing in these item fields be that of a servicer.

b) Item 9 ("Certification Date") is the date on which the institution's authorized official, who has the authority to transfer assets, signs the ED Form 553. However, submissions that are mailed between June 21 and June 30 of a particular program year must bear a postdated certification date of July 1. Interest is accrued on the account up to and including the certification date.

c) Item 16 ("Social Security Number") must be included for each account that is being submitted. ED will not accept for assignment, for any reason, an account that does not bear a valid SSN.

d) Item 39 ("Date of Last Advance") must be prior to Item 18 ("Departure Date") unless an explanation is attached detailing why it is not.

e) Item 40 ("Date Last Grace Period Ended") must show that the full 9 or 6-month grace period began after Item 18 ("Departure Date").

f) Item 41 ("Date of Default") is the day following the day on which payment was due but not received. This date is no longer required to be two years prior to the certification date. However, all due diligence requirements must have been performed before the account can be assigned. In cases in which the borrower was considered to be "in default" but then made a few additional payments under a satisfactory repayment arrangement, the date of default becomes the day following the day on which the first rescheduled payment was due and not made. In cases in which the borrower made sporadic payments following the default date outside of any agreed upon repayment arrangement and due diligence should have continued, the date of default remains the original date of default.

g) An account may not be assigned if Item 65 ("Total Amount Outstanding") is less than \$25, unless the borrower has more than one loan (Direct, Defense, Federal Perkins) that when combined, total \$25 or more. The following are special instructions for assigning loans of less than \$25 that, when combined, equal at least \$25:

- 1) Complete ED Form 553 for each loan;
- 2) Package all loans for that borrower together; and
- 3) Include a clarifying statement on institutional letterhead explaining the loan combination.

h) If an account is rejected due to a problem with any of the dates appearing on the ED Form 553, the institution should ensure that all correlating dates are correct before resubmitting the account. For example, if the institution corrects Item 40 "Date Last Grace Period Ended," the institution should ensure that Item 41 "Date of Default" is still correct.

i) If an account is rejected and the institution wishes to resubmit that account, corrections can be made directly on the returned ED Form 553 on the computer-generated facsimile or photocopied ED Form 553. Corrections should be made using blue or black ink. (Do NOT USE RED INK). Each change must bear the initials of the staff member making the change.

Corrections must be clear and legible. If the account is resubmitted more than 45 days after its date of return to the school, the certification date and interest due must be changed.

j) For items on the ED Form 553 that require a date, the order in which it must be presented is month/day/century-year (MM/DD/YYYY). If you are unsure of the exact day of the month for a particular item, use the 15th day.

3. The Original Promissory Note

All promissory notes that are submitted for assignment must be valid legal instruments. At some institutions, audits and program reviews may have already identified defective or invalid notes for resolution. These notes may not be assigned until these defects have been corrected. All promissory notes must contain signatures, loan amounts, and dates for each loan period.

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, 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 neither the original nor a photocopy of the promissory note is available, the loan may still be assigned if the institution submits copies (front and back) of the signed disbursement checks or vouchers, or submits an original affirmative legal judgment with the appropriate transfer statement (see Section II.B.10 "Original Judgment").

Copies of disbursement checks or vouchers may also be submitted as documentation of unsigned advances on a promissory note. Partial assignment of a note may be made by including a clarifying statement noting that assignment is being made of only the valid advances and by completing the ED Form 553 to reflect this.

Perkins Loan notes are required to be used for borrowers who had no previous outstanding National Direct Student Loan (NDSL) balances and received first-time loans as of July 1, 1987. Borrowers who received loans on or after July 1, 1987, and who had outstanding balances from previous NDSLs should have received "Direct" Loan notes. NDSL and Direct Loan notes may be submitted separately for the same borrower, but with the "Direct" note indicated as a "Perkins" loan on ED Form 553. Because these loans have the same interest rate and grace period as the NDSLs, ED will process them as NDSLs.

If you have 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, they must be treated as separate loans even though the loans are on the same promissory note. In this situation, you 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). A separate ED Form 553, along with supporting documentation, must be completed for each note with different provisions.

Any assignment where one promissory note represents two loans for any other reason will not be accepted without the approval of the appropriate ED official (see Section VI "Information Sources").

4. Judgment Information (If Applicable)

If your institution has initiated legal action against a borrower as part of its collection attempt, the loans of that borrower cannot be assigned to the United States until the litigation is completed and a judgment is rendered for the institution and against the borrower or endorser.

ED does not accept assignment of loans for which the institution has obtained a judgment unless it transfers the original or certified true copy of the judgment to the United States with ED Form 553.

To make the judgment enforceable by the United States as assignee, some states require the institution, as holder of the judgment, to notify the court that rendered the judgment of the assignment; other states have no such requirement. If you are unsure of the rules of your state, your institution'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 effect the transfer:

All rights, title, and interest of the undersigned in this judgment are hereby assigned to the United States of America.

The institutional official authorized to release assets must sign this statement. The official's signature on ED Form 553 does not suffice for the above statement. Please note that, because the manner in which judgments are assigned varies from state to state, you should always consult your institution's attorney to determine the procedure and language for such a transfer for the jurisdiction in which the judgment was entered.

Any judgment that is included as part of an assignment package must cite its 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 your institution as part of its assignment package your institution's attorney must provide this information in a separate signed statement. A copy of such a signed statement must be provided with each account. If the judgment has expired, you should consult your institution's attorney about renewal of the judgment.

NOTE: PRIOR TO REPORTING JUDGMENT DATA ON ED FORM 553, YOU SHOULD PREPARE FOR YOUR RECORDS A BREAKOUT OF PRINCIPAL, INTEREST, ETC., FROM ANY JUDGMENT THAT COMBINES THESE AMOUNTS, TO WHAT IS 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 #38 ("Applicable Interest Rate");
- 2) Enter all payments applied to principal (both before and since the judgment) into Item #57 ("Principal Amount Repaid")
- 3) Enter all payments applied to collection costs provided by the judgment into Item #60 ("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 #61 ("Interest Repaid");
- 5) Enter any litigation or court costs, if awarded by the court, and any amounts awarded by the court that cannot be explained as representing principal, interest, or collection costs, into Item #64 ("Collection Costs/Penalty/Late Charges");
- 6) Enter any reductions made by the court to the principal or interest sought to Item #57 ("Principal Amount Repaid") or Item #61 ("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.**

5. Bankruptcy Information (If Applicable)

If the institution receives notification that a bankruptcy petition has been filed prior to the time the institution submits the loan to ED, the account should not be assigned to ED. If it is assigned, the account **WILL BE REJECTED.**

If the court rules in favor of the borrower and discharges the loan, the account then may be eligible to be written off the institution's records as a bankruptcy.

If the court rules against the borrower and the loan is considered nondischargeable, the loan is then eligible for assignment to ED. All documentation supporting the court decision must be included with the assignment submission. If you are unsure of the type of bankruptcy petition filed or the nondischargeability of the loan, 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 dismissal documents must be included with the assignment submission.

If the institution receives a petition for bankruptcy after ED has accepted the loan for assignment, that notice must be forwarded to the appropriate ED Regional Service Center (RSC) immediately. (See Section VI "Information Sources," for RSC addresses).

Section 523 (a) (8) of the Bankruptcy Reform Act of 1978 states that an educational loan made, insured, or guaranteed by a governmental unit cannot be discharged under Chapter 7 unless it meets certain criteria. Effective May 28, 1991 and prior to October 8, 1998, a loan or grant liability was discharged by entry of a general discharge order if the first payment came due on the debt at least 7 years before the bankruptcy was filed. Prior to May 28, 1991, only five years was required. Any grace periods, forbearance, or deferment must be subtracted from the time elapsed between the first payment due date and the filing date when calculating time in repayment. Debts outstanding for less than the required seven-year period could only be discharged if the court made an express finding that the repayment of the debt would place an "undue hardship" on the borrower.

For a borrower who files for bankruptcy on or after October 7, 1998, a federal student loan is not dischargeable unless the bankruptcy court has determined that repayment of the loan would cause an undue hardship to the debtor and his or her dependents.

If a Chapter 7 bankruptcy notice of discharge is received, and the bankruptcy court entered a judgment granting that relief, the loan has been discharged and the account cannot be assigned.

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 ED.

ED will not accept assignment of an account after an institution receives notice that the debtor has filed a Chapter 13 (Wage-Earner Plan) petition. If the debtor fails to comply with the repayment terms after agreeing with the Chapter 13 plan, the institution must notify the court for further action.

NOTE: See Sec. 674.49 Bankruptcy of borrower, for more specific information about Bankruptcy regulations.

6. Due Diligence Documentation

If your institution had a cohort default rate below 20% as of June 30 of the second year preceding the year in which the assignment submission is made (for example, June 30, 2000 for a June 30, 2002 submission) you are not required to submit documentation of due diligence activities. However, if your institution had a cohort default rate of 20% or higher, the institution must provide the following documented proof of the additional required due diligence steps: letters attempting contact with borrower 90, 150, and 180 days into the grace period; the 30-day notice to the borrower before the first payment due date; overdue notices; results from skip-tracing or institutional equivalent attempts; final demand notices, and the warning notice of acceleration. Except in cases where loan has matured, a copy of the credit bureau reporting letter; reference of accounts to and from collection firms or school/state collection for one year; and litigation reason if unsuccessful, must also be provided. All of the required steps may be covered in a general procedure statement provided by your third-party servicer that then should be included with each assignment. Please refer to the regulations for further clarification of each requirement.

Your institution must indicate at the top of each document the due diligence requirements with which it complied. It is also recommended that key phrases, entries, etc. on the documents that demonstrate compliance with the due diligence requirements be highlighted

For all loans entering default prior to August 14, 1979, proof of institutional due diligence must include the following:

- a) Copy of official grace period letter and copy of any overdue notices
- b) Evidence of any skip tracing actions undertaken; and
- c) Litigation documentation (if applicable).

NOTE: All overdue notices must be transmitted regardless of the validity of the addresses known to the school. The due diligence procedures must be undertaken even if there is an indication that previous correspondence to the borrower has not been received. Conversely, it also remains a due diligence requirement that skip tracing be performed even if there is an indication that previous correspondence has been received. ED encourages institutions to utilize IRS/ED skip-trace services.

D. Description of Optional Documentation

Institutions may submit the following documentation as part of the assignment package:

1. Signed Repayment Schedule

Federal Perkins Loan Program Regulations, Section 674.42, require an institution to retain a copy of the borrower's repayment schedule. The repayment schedule should have been calculated on the total amount of the loan and should include the date the first installment payment was due, plus the number, amount, and frequency of each required payment. This schedule may be included in each assignment submission.

2. Complete Repayment History

A copy of the student's loan repayment history (financial profile of the account) may be provided. Such a repayment history includes 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 that will help to interpret the repayment history should also be provided and attached to any printout. Such a key will assist in the interpretation of every accounting transaction that appears on the repayment history, regardless of its amount. One copy will suffice for each manifest. Since standard procedure is to first deduct collection costs in situations of default, no account will be accepted for assignment when collection costs represent the majority of the outstanding balance, unless the explanation for such a situation is approved by the appropriate ED official (see Section VI "Information Sources").

If a borrower has a Direct loan and a Defense loan, payments received from that borrower should be prorated and applied accordingly. For example, a borrower has a Defense loan for \$500 and a Direct loan for \$1,000. A \$30 payment was received. Of that payment, \$10 dollars would be applied to the Defense loan and \$20 would be applied to the Direct loan.

3. Acceleration Notice

Prior to submitting an account for assignment, the entire outstanding balance must have been accelerated, or the loan must have matured (became due-in-full because the entire period for repayment of the loan has elapsed). By accelerating the loan, the institution demands immediate repayment of the entire unpaid indebtedness (total outstanding principal, accrued interest, and any applicable penalty/late charges or collection costs), even though the entire repayment period has not elapsed.

If the loan was accelerated, check "Yes" in Item 42 on the ED Form 553 ("Was this loan accelerated?"), and provide the date of acceleration in Item 44. In the event that the loan did not need to be accelerated because it had matured, check "No" in Item 43, and provide the date the loan became due-in-full in Item 44. Schools may provide a copy of the acceleration letter or documentation of the maturity date with the assignment

4. Documentation of Recall

All loans must be documented to have been recalled from any outside firms that the institution employed for billing, collection, litigation and credit bureau reporting at least 60 days prior to the certification date on ED Form 553. This must be done to assure ED that no enforcement is still being undertaken by the school on a loan being assigned to the United States. Schools may provide documentation that the loan has been recalled or a copy of the letter from the institution requesting such recall.

When withdrawing an account from a credit bureau, an institution should ensure that the reporting code requested for entry on the debtor's record is neither positive nor negative. In most cases, an institution has the option of either withdrawing an account entirely from a credit bureau or requesting that the credit bureau change its code to indicate that the account is being assigned to the United States. In the latter case, contact your credit bureau to determine which code your institution should use to reflect assignment.

NOTE: All institutions are required to report all accounts on which loan advances have been made to NATIONAL credit bureaus. Reporting accounts only to regional credit bureaus is no longer acceptable.

5. Copies of Approved Cancellation and Deferment Documentation

Copies of all cancellation and deferment requests approved by your institution (as listed under Section E of ED Form 553) may be provided in the assignment submission package.

III. MAILING DIRECTIONS

A. Accounts submitted for assignment are to be mailed to the following address:

U.S. Department of Education
Perkins Loan (NDSL) Assignment Processing Center
P. O. Box 4136
Greenville, Texas 75403-4136

Do not contact this address in writing or by telephone to inquire about the status of assignments or to clarify why assignments are rejected (See Section VI "Information Sources").

B. Delivery of assignment submissions can only be made to the listed Post Office Box. Commercial carriers (such as Federal Express, UPS, etc.) will not be able to deliver to this Post Office Box. Therefore, we suggest that you mail accounts through the U.S. Postal Service, "Return Receipt Requested". Assignments mailed to ED Regional Offices or to ED Central Office in Washington, D.C. will be returned to the institution.

IV. ASSIGNMENT PROCESSING STEPS

A contractor currently located in Greenville, Texas performs ED assignment processing steps. This is only a processing center. All inquiries about assignment status or reasons for rejection should be made to the Washington address and telephone numbers in Section VI "Information Sources". Institutions wishing to confirm paid-in-full status for debtors requesting transcripts should contact the appropriate regional office in Section VI "Information Sources".

Once the assignment package is received in Greenville, Texas, a manual count of loans is taken and compared to the institution's manifest. If an assignment package manifest is not included, the package is rejected automatically and returned to the institution. If there is a difference between the number of loans included in an assignment package and the number of loans reported on the package manifest, a letter is sent to the institution acknowledging the actual number of loans received and identifying the loans in dispute. Any loans not reported on the manifest are automatically rejected, while the reported loans continue in the review process unless ED is asked by the institution to discontinue the review due to the discrepancies.

The accounts are then reviewed individually for compliance with due diligence requirements. After the accounts have been reviewed manually, all data items are entered into ED's collection receivables system and reviewed, per established edit checks, for compliance.

If the due diligence requirements have not been met, and/or any data elements fail to meet the edit requirements, the accounts are rejected and the entire file is returned to the institution by guaranteed mail with a correction worksheet stating the reason(s) for rejection. (Refer to Section V-B "General Information" for specific resubmission instructions.)

If all established edit criteria are met and the accounts are accepted, the institution will receive a document identified as "Report NCLM710B". This report lists the following:

- a) Department of Education Loan ID Number;
- b) Borrower's Name;
- c) Borrower's Social Security Number;
- d) Principal Outstanding;
- e) Interest Outstanding;
- f) Total Outstanding Principal and Interest for each Account;

g) Institution's Campus Based Program Serial Number;

h) Institution's Name;

i) Report Run-Date (Acceptance Date); and

j) Total outstanding dollar amount for all accounts listed.

This is the official acceptance notice and should be retained in the institution's records. Acceptance notices are sent to the institution address provided in the institution's program participation agreement, the institution should ensure that its mail-distribution staff become familiar with these notices and the offices to which they should be distributed. If an institution wishes such notices to be sent to a different address, it must contact the ED Case Management and Oversight team at (202) 377-4313 to revise your institution's participation agreement. The Website at <http://www.ed.gov/offices/OSFAP/PEPS/> or email address: OSFA.IPOS.Case.Teams@ed.gov are available to assist with this process. It is the institution's responsibility to ensure that its loan servicer receives its copies of such acceptance notices.

V. GENERAL INFORMATION

A. Cure Process for Assigning Defaulted Loans

If an institution holds defaulted loans for which mandatory due diligence actions were not performed in a timely manner in prior years, the following "cure" process may enable the institution to assign these loans:

1. The institution must locate the borrower. Location is proven by one of the following:
 - a) Postal receipt signed by the borrower;
 - b) Documentation of conversation that includes the borrower's current address; or
 - c) Documentation from an address-search servicer (non-IRS) that includes the borrower's current address.

NOTE: If the institution cannot locate the borrower, evidence of address search attempts will suffice.

2. The institution must send the borrower a letter informing the borrower of the loan's default status which must be resolved.
3. The institution must send the borrower a copy of the borrower's signed promissory note along with a new repayment schedule to be signed and returned.

4. If there is no response to these communications, the institution must initiate collection procedures, including over-due notices, account acceleration, collection agency referral, credit-bureau notification, litigation (if applicable), and recall.
5. The institution must provide documentation that steps 1 through 4 above have been completed. The institution must label this documentation as "Due Diligence Using Cure Process".
6. The institution must label each completed ED Form 553 "Cure Process Submission" in large print at the top of the form. It should be understood that the cure process is equivalent to reworking the loan and, with the exception of the letters sent during the grace period, does not relieve the institution from repeating those due diligence activities it cannot document.

B. Resubmission Procedures

An assignment submission package manifest must be included with each resubmission package.

Corrections or changes may be made directly on the original ED Form 553, the computer-generated ED Form 553, or the photocopy of ED Form 553 that was originally submitted. Alternatively, the institution may prepare a new form. If a new ED Form 553 is prepared, the institution should not resubmit the old ED Form 553.

"Resubmission" must be clearly written on the envelope.

The "Corrections Worksheet" that accompanies every rejected assignment submission must be enclosed with each resubmission.

C. Notification to Borrowers of Assigned Loans

If the institution chooses to notify borrowers of the pending assignment of their loan(s) to ED, such notification should take place at least 90 days prior to assignment of the loan to ED. Occasionally, this notification results in payments from borrowers who have been unwilling to make payments in the past.

Any payments received by the institution or its servicer after the certification date on the ED Form 553 become the property of ED, unless ED rejects that account.

Borrowers seeking to make repayment after acceptance by ED of their assigned loans should be referred to the appropriate ED Regional Collection Center cited in Section VI "Information Sources" and the acceptance notification form. Do not refer borrowers to the ED Central Office in Washington, D.C.

D. Payments from Borrowers Received after Assignment

Payments from a borrower received by an institution or its servicer after the borrower's account has been assigned to ED should be forwarded, as soon as possible, to:

National Payment Center
P. O. Box 4169 - Perkins Loan (NDSL)
Greenville, Texas 75403-4169

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 ED and will only be returned to the institution for deficiencies related to its submission. Therefore, an institution should not contact ED to request the return of a submission because a borrower has made a payment to the institution.

If payments are received on accounts that have been submitted to ED for assignment, but have not yet been accepted by ED, the institution should deposit the funds immediately and await official notification of acceptance. Upon acceptance of the account, the institution must issue a check to ED, including the borrower and loan information noted above.

Any collection agency fees that are deducted from payments received after account submission to ED are the sole responsibility of the institution and may not be charged to the Federal Perkins Program Loan Fund. The entire borrower payment must be forwarded to ED.

VI. INFORMATION SOURCES

Questions regarding the assignment process as it pertains to the rest of the student financial aid award process or questions concerning the management of student loans not assigned to ED (for example, validity of certain types of promissory notes) should be directed either in writing or by phone to the ED Federal Student Aid Regional Office serving your region. More specific questions pertaining to the procedures for assignment of accounts set forth in this letter, or pertaining to the status of your assignment submissions, or pertaining to the correction of rejected submissions, can be directed to Students Channel, Collections, at the ED Central Office, on (202) 377-3373. Written inquiries should be mailed to:

Federal Student Aid
U.S. Department of Education
Students Channel, Collections
Perkins Loan Assignments
830 First Street, N.E.
Washington, D.C. 20202-5320

All inquiries must include the institution's Federal Perkins Loan Program school identification number (SID #).

As noted throughout these procedures, explanations of absences of certain assignment documentation, or their irregular nature, require formal approval by the appropriate official.

Therefore, all such explanations should be prepared in writing, with the following signature block provided:

Approved/Not Approved

Assignments Specialist
FSA, Students Channel, Collections

All such explanations must reference the specific account(s) affected by the documentation omission or irregular nature. The explanatory letter should then be transmitted by facsimile to the above office at 202/275-0543. The returned, signed facsimile will then constitute formal approval. Do not contact the ED-contracted assignments processing center with such inquiries.

Questions on the cohort default-rate calculations may be directed to the Analysis Programs Policy Development Division/Federal Student Aid at 202/377-4015. Questions on the Fiscal Operations Report (FISAP) can be directed to Campus-Based Operations (Schools Channel) at 202/377-3180. Questions on closed school procedures can be directed to the Closed School Unit (Schools Channel) at 202/ 377-4367. Questions on liquidation procedures can be directed to Campus-Based Operations at 202/ 377-3180.

The addresses and toll-free telephone number of the ED Students Channel Collections Regional Service Centers (RSCs) are listed on the next page. These offices should be contacted to resolve any discrepancies between institutional records and those of ED pertaining to accounts that have already been assigned to ED and accepted. This includes corrections to acceptance notices, bankruptcy notices, and any other general information on accepted accounts that an institution wishes to forward. These offices should also be used to direct defaulters wishing to satisfy their debts once their loans have been accepted for assignment. These offices are not for inquiries pertaining to the assignment process or to rejected accounts. Such inquiries should be directed only to the Washington Service Center, Students Channel, Collections, as noted above.

FSA, Students Channel, Collections, Regional Service Centers:

The single toll-free telephone number which routes incoming telephone calls to the RSCs is (800) 621-3115.

DCS Region IV - Atlanta

U.S. Department of Education
Students Channel, Collections
Atlanta Service Center
100 Alabama Street, Tower Bldg.
Atlanta, GA 30323

Serving the Following
FSA Regional Areas

Region I - Boston
Region II - New York
Region III - Philadelphia
Region IV - Atlanta

DCS Region V - Chicago

U.S. Department of Education
Students Channel, Collections
Chicago Service Center
111 N. Canal Street, Suite 1009
Chicago Illinois 60606

Serving the Following
FSA Regional Areas

Region V - Chicago
Region VI - Dallas

DCS Region IX - San Francisco

U.S. Department of Education
Students Channel, Collections
San Francisco Service Center
50 United Nations Plaza, Room 247
San Francisco, California 94102

Serving the Following
FSA Regional Areas

Region VII - Kansas City
Region VIII - Denver
Region IX - San Francisco
Region X - Seattle

FEDERAL PERKINS LOAN PROGRAM
ED FORM 553
GENERAL INSTRUCTIONS

The approved ED Form 553 is designed to serve as the transmittal form for one borrower. Please read all instructions carefully before completing this form.

Section 463(a)(5), 20 U.S.C. 1087cc authorizes this request. No assignment of a Federal Perkins Loan, a National Direct Student Loan, or a National Defense Student Loan may take place unless accompanied by a completed ED Form 553.

- Do not combine Defense, Direct, and Federal Perkins Loan information on the same ED Form 553. In those cases where a borrower received more than one type of loan, a separate ED Form 553 must be completed for each.
- Submit one original and one photocopy of a completed ED Form 553 for each defaulted loan account being assigned to the U.S. Department of Education. Please retain a photocopy for your institutional records.
- Submit the original promissory note(s) and all required due diligence documentation in accordance with applicable regulations (and/or procedures) for each assignment to the U.S. Department of Education.
- All financial information must be entered as dollars and cents (e.g., \$1,200 or \$1,200.44).
- All items requiring dates must be entered on the form as Month, Day, and Year (e.g., January 1, 2002 or 01-31-2002).
- This form may be photocopied should supplies run short; however, all assignments must bear an original signature in Item 10.
- It is mandatory that a social security number for each borrower be provided on the ED Form 553.

FEDERAL PERKINS LOAN PROGRAM
ED FORM 553
DETAILED INSTRUCTIONS

Section A INSTITUTIONAL INFORMATION

Item Number	Instructions
1	Full name of submitting institution. If branch campus, identify as such.
2	Full street name and number of institution.
3	City in which institution is located.
4	State in which institution is located.
5	Four-digit campus-based serial number as found on the institution's campus-based award letter.
6	Institution's nine-digit employer identification number as assigned by the Internal Revenue Service along with the two-digit suffix assigned by the Central Registry System of the Department of Education.
7	Zip code of submitting institution's address.
8	Typed name of authorized institutional official making the assignment.
9	Date of submission to the U.S. Department of Education. Show as MM/DD/YYYY. If submission is received on or after July 1 of a particular year, certification must reflect that date. The certification date of any resubmission must be updated if more than 60 days has elapsed since the original submission.
10	Original signature of authorized institutional official whose name appears in Item #8.
11	Typed title of authorized institutional official making the assignment.
12	Telephone number (include area code) of authorized official.
13	Name of individual to be contacted in absence of authorized institutional official.

Section B BORROWER INFORMATION

Item Number	Instructions
14	Current or last known name of borrower.
15	Any other name by which the borrower may have been known (maiden names, name changes, etc.).
16	Social Security number of borrower as ascertained from institutional records. Do not provide institutional account number.
17	Birth date of borrower as ascertained from institutional records.
18	Specific date or best approximation of date the borrower left the institution.
19-23	Current address and telephone number of last known permanent address and telephone number of the borrower. Do not show an institutional residence hall address.
24-28	Any work address(es) and telephone number(s) of borrower as ascertained from institutional files. Use additional sheets if necessary.
29	Full name of individual who cosigned this loan for the borrower, if applicable. (NOTE: Any defaulted Federal Perkins Loan signed for by a minor on or after July 23, 1992, being submitted for assignment, cannot bear the signature of a cosigner.)
29	Social Security number of cosigner is no longer required, however, if one has been ascertained from the application, please provide it.
30-34	Most current address and telephone number available for any cosigner of this loan.

Section C LOAN INFORMATION - HISTORICAL

Item Number	Instructions
35-37	Type of loan disbursed.

- 38 Interest rate reflected on promissory note used to make this loan or subsequent interest rate changes due to litigation and presence of a judgment. ED acceptance of any promissory note bearing an interest rate that is not in compliance with ED regulations for the applicable timeframe will be reported to the ED Campus-Based Financial Management Section for reconciliation with the assigning institution.
- 39 Date of last disbursement, not original date of loan. (NOTE: In the event of a late disbursement [e.g., after the borrower's departure date], please enter the date for which the promissory note was signed, the date that the last advance became effective.)
- 40 Date last grace period ended (e.g. six (6) months from the departure date, nine (9) months from the departure date)
- 41 Date following the day on which payment was due and not received, resulting in default.
- 42-44 Date of acceleration (if marked "yes") or date the loan would have "matured", i.e., been paid-in-full, if past (if marked "no"). Attach documented proof.
- 45-47 Indication of whether loan was ever litigated and effective date of judgment.
- 48-53 **FOR INSTITUTIONS IMPLEMENTING SCHOOL CLOSURE OR INSTITUTIONS WITHDRAWING FROM THE PERKINS PROGRAM ONLY:** Indication of alternative status of student at time of closure: I (in school); G (Grace Period); D (Deferment); R (Repayment).
- 49-54 Indication of primary reason loan is uncollectable.

Section D **LOAN INFORMATION: FINANCIAL**

- | Item Number | Instructions |
|-------------|---|
| 55 | Original amount loaned to borrower as indicated on promissory note, or, if applicable, total amount outstanding on judgment. This should total what's reflected on the promissory note. NOTE: DO NOT INCLUDE REFUNDS UNDER THIS ITEM, See item #56. |
| 56 | Any amount refunded or never disbursed which would reduce the principal amount for which the borrower is liable. Attach documented proof. |

- 57 Total amount repaid and credited to principal as of certification date.
- 58 Total amount of principal that has been canceled on this loan.
- 59 Total principal amount of this loan that is currently outstanding.
(Item 55 less 56, 57 and 58).
- 60 Total amount of collection costs repaid, as of certification date. This includes any collection fees that were repaid.
- 61 Total amount of interest repaid as of certification date.
- 62 Total amounts of interest that have been canceled on this loan.
- 63 Total amount of interest due as of the certification date.
- 64 Total amount of collection costs that have been properly assessed on this loan in accordance with program regulations, and any penalty or late charges assessed against the loan that are outstanding as of the certification date. The costs attributable to the following activities can be included: skip-tracing, litigation, address searches, generation of letters, etc.
- 65 Total dollar amount currently outstanding on this loan.

Section E CANCELLATION AND DEFERMENT INFORMATION

- | Item Number | Instructions |
|-------------|--|
| 66-95 | Any cancellations that have been exercised on this loan. Show dates as MM/DD/YYYY. |
| 96-104 | Any deferments that have been exercised on this loan. Show dates as MM/DD/YYYY. |

According to the Paperwork Reduction Act of 1995, no persons are required to respond to collection information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0048. The time required to complete this information collection is estimated to average 30 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to U.S. Department of Education, Washington, D.C. 20202-4651. If you have comments or concerns regarding the status of your individual submission of this form, write directly to Federal Student Aid, U.S. Department of Education, Students Channel Collections, 830 First Street, N.E., MS 5320, Washington, D.C. 20202

Form Approved: 03 /27 /2002
OMB Number 1845-0048
Approval Expires: 03 /31/2003

Federal Perkins Loan Program
(Formerly National Direct/Defense Student Loan)
Assignment Form

The borrower named below was issued a Federal Perkins Loan or a National Direct Loan, authorized under Title IV, Part E, of the Higher Education Act of 1965, as amended, or a National Defense Student Loan authorized under Title II of the National Defense Education Act. The institution is assigning all rights and title under such note or agreement to the United States Department of Education, without recompense as provided under Section 463(a)(5), 20 U.S.C. 1087cc.

SECTION A – INSTITUTIONAL INFORMATION

1. Full Institution Name		5. Serial Number
2. Full Street Address of Institution		6. Entity Number (EIN)
3. City	4. State	7. Zip Code
8. Typed Name of Auth. Official	9. Certification Date (MM/DD/YYYY)	10. Signature of Auth. Official
11. Typed Title of Auth. Official	12. Telephone Number (Area Code)	13. Alternate Contact

Certification: I understand that if I knowingly make a false statement or misrepresentation on this form in the course of assigning this defaulted loan to the United States Department of Education, I am subject to a fine of up to \$10,000 or imprisonment of up to five (5) years or both under provisions of the United States Criminal Code, 18 U.S.C. 1001.

SECTION B – BORROWER INFORMATION

14. Current or Last Known Name (Last, First, MI)		15. Previous Name(s) (Maiden, Legal Change, etc.)
16. Social Security Number	17. Date of Birth (MM/DD/YYYY)	18. Departure Date (MM/DD/YYYY)
19. Current or Last Known Permanent Address (Number and Street)		22. Telephone Number (Area Code)
20. City	21. State	23. Zip Code
24. Work Address (es) of Borrower (Number and Street)		27. Telephone Number (Area Code)
25. City	26. State	28. Zip Code
29. Name of Cosigner of Loan (Last, First, MI)		29A. Social Security Number of Cosigner
30. Current or Last Known Permanent Address of Cosigner (Number and Street)		33. Telephone Number (Area Code)
31. City	32. State	34. Zip Code

SECTION C- LOAN INFORMATION: HISTORICAL

Type of Loan (Check Appropriate Space)		38. Applicable Interest Rate on the Loan
35. Perkins ___ 36. Direct ___ 37. Defense ___		_____%
39. Date of Last Advance (MM/DD/YYYY)	40. Date Last Grace Period Ended (MM/DD/YYYY)	41. Date of Default (MM/DD/YYYY)

Was this loan ACCELERATED? (Check appropriate space.)
If YES, provide date of acceleration. If NO, provide date this loan became fully mature (due-in).

42. YES ___ 43. NO ___ 44. Date (MM/DD/YYYY) _____

Was this loan LITIGATED? (Check appropriate space.) If YES, provide date and attach judgement.

45. YES ___ 46. NO ___ 47. Date (MM/DD/YYYY) _____

Borrower Repayment status (For use only by schools closing out program)

48. _____

Reason this loan has been determined uncollectable. (Check Appropriate Space)

49. Hardship ___ 50. Incarceration ___ 51. Unemployment ___
52. Refusal to Pay ___ 53. Address Unknown ___ 54. Other (Please Explain)

SECTION D – LOAN INFORMATION: FINANCIAL

55. Principal Amount Loaned (Not Refunds) \$ _____	56. Principal Amount Refunded \$ _____	57. Principal Amount Repaid \$ _____
58. Principal Amount Cancelled \$ _____	59. Principal Amount Outstanding (55 less 56, 57, & 58) \$ _____	60. Collection Costs Repaid \$ _____
61. Interest Repaid \$ _____	62. Interest Cancelled \$ _____	63. Interest Due \$ _____
64. Collection Costs/Penalty/Late Charges \$ _____	65. Total Amount Outstanding (Sum of Items 59, 63, and 64) \$ _____	

SECTION E – CANCELLATION AND DEFERMENT INFORMATION

Cancellations Granted for this loan	Percentage Rate	Principal Cancelled	Interest Cancelled	For Services Performed	
				From (MM/DD/YYYY)	To (MM/DD/YYYY)
Type					
66.	67.	68.	69.	70.	71.
72.	73.	74.	75.	76.	77.
78.	79.	80.	81.	82.	83.
84.	85.	86.	87.	88.	89.
90.	91.	92.	93.	94.	95.

Deferments Granted for this loan	Start Date (MM/DD/YYYY)	End Date (MM/DD/YYYY)
96.	97.	98.
99.	100.	101.
102.	103.	104.