

Federal Perkins Loan Assignment Question & Answers

June 1, 2023

COHEAO has compiled a list of recently asked questions with regard to the mandatory Federal Perkins Loan Assignment process. Below is a list of those questions and answers. Please note that in some instances the responses are based on individual interpretation of Department publications and regulations, state laws and institutional policy. These answers are meant to be a helpful guide and each institution should make their own decision on the process based on their individual circumstances and policy.

Links to the updated Perkins Liquidation Guide and the updated assignment form:

[Perkins Liquidation Guide](#)

[Perkins Assignment Form – Institutional](#)

[Perkins Assignment Form - Borrower](#)

General Questions:

Q: What is the email address for FSA that we need to contact to let the Department know we will be unable to assign all of our loans by the 6/30/2023 deadline?

A: Greg.Gerrans@ed.gov or Rebecca.Meyers@ed.gov or CODSupport@ed.gov

Q: Can you share the email for FSA to request an assignment deadline extension or explain our schools assignment strategy?

A: Greg.Gerrans@ed.gov or Rebecca.Meyers@ed.gov

Q: Can the Department begin to restrict Title IV participation if a school does not meet the 6/30/2023 assignment deadline?

A: Per the Department's recent [Electronic Announcement](#), dated 5/26/2023, continued failure to assign loans could result in a focused program review to assess the institution's reasons for non-compliance.

Q: For loans that are more than 24 months past due but are currently with third-party collection agencies are you recalling those loans or leaving them with the agency?

A: If the agency secured a payment, is in the process of receiving a payment, or actively working with the borrower towards loan consolidation, you can leave it with the agency. All inactive accounts will need to be closed and assigned to the Department.

Q: If the loan is assigned to the Department and is subsequently paid, will the school receive their portion of the ICC (Institutional Capital Contribution)?

A: Once a loan is assigned to the Department, the school forfeits any recovered ICC.

Q: If a school has Perkins loans that are 2+ years past due who are actively paying, can the school simply purchase these loans and not assign them to the DOE?

A: A school does not need to assign or purchase loans that are actively paying. These accounts can remain with the school.

Q: If a school has to buy back Federal Perkins loans, what is the process or who do you actually pay?

A: Details on how to purchase a Perkins loan is outlined in the new Perkins Assignment and Liquidation Guide on [page 30](#).

Q: What if ESCI has a backlog on accepting assignments.? How will that affect the deadline?

A: The backlog will not change the deadline, but it may cause a delay in the Department acknowledging a school's compliance or progress in meeting the deadline. We recommend that you share your concerns with the Department on the backlog of accounts that have been submitted.

Q: My school's Perkins promissory notes are "e-signed" - i.e. typed in - no handwritten signature. Will this be an issue when assigning the accounts?

A: No, this should not be an issue, but you should review the requirements for assigning electronically signed notes on page 6 of the new Assignment and Liquidation Guide.

Q: The Department's mandate states that the institution may be required to notify the Department with documentation showing an acceptable collection record if requested. What defines an acceptable collection record and what is the method to notify the Department?

A: The Department has not given specifics on acceptable collection record(s) other than to state that it means recent payments on the loan. However, COHEAO has concluded that if a borrower is paying or has made a payment in the last 12-18 months then this is an acceptable collection record and the loan does not yet need to be assigned. However, as time moves forward and if no additional payments are collected the window changes and that loan may still have to be assigned. This is an evolving situation.

Q: According to the FSA Handbook, schools are supposed be receiving a report of loans accepted for assignment and notification of why others were not. How do they send that?

A: The Department sends these via email. The acceptance and any issues will come back to the designated contact by email. Turnaround time is typically 60-90 days after submission

Q: What percentage of Perkins assignments would the Department consider to be good faith effort? i.e. 50% of the defaults assigned? 25% of the defaults assigned?

A: The Department has not defined acceptable effort. If you are unable to meet the June 30, 2023 deadline, your school should email the Department with an explanation as to why not and outline your plan.

Q: What if the borrower is in the process of consolidating their Perkins Loan? Should the account be assigned?

A: No, do NOT assign the account.

Q: What if the school does not have a MPN but the loan was discharged through permanent disability ?

A: We believe that you may be responsible to purchase the loan unless you can provide Nelnet/the Department with alternative loan document for proof of debt.

Q: Who does the school send documentation that a borrower is making payments their Perkins loans and request permission to continue collecting on loan?

A: You should send an email to Greg.Gerrans@ed.gov or Rebecca.Meyers@ed.gov or CODSupport@ed.gov.

Assignment Process Questions:

Q: Can the school charge the Perkins Fund for the cost of assignment our third party billing servicer is charging?

A: No

Q: What is the correct mailing address for sending Perkins assignments to ECSI?

A: ECSI Federal Perkins Loan Servicer
1200 Cherrington Parkway, Suite 200
Moon Township, PA 15108

Q: Is there anywhere to find a check list of all documents that need to be included when assigning the loan.

A: See page. 4 of the Perkins Assignment and Liquidation Guide.

Q: When is the letter to the borrower informing them of the loan assignment to go out? Before you upload to ECSI or after?

A: The "pre-assignment letter" should go out at least 30 days prior to assignment submission of a loan. Refer to the Assignment and Liquidation Guide [page 3](#) for additional details.

Q: Where can I find an example of the 30 day pre-assignment letter?

A: There is a sample letter in the Assignment and Liquidation Guide on page 3.

Q: Do you need to include the truth-in-lending form with an assignment package?

A: No - the truth-in-lending is not a requirement for assignment. A listed of required assignment documents can be found in the Assignment and Liquidation Guide on page 4. A school could use a signed truth-in-lending form as an alternate document if the promissory note is missing. Be sure to go through the missing document procedures for approval prior to submitting. These procedures can be found on [page 4](#) of the Liquidation Guide.

Judgment Account Questions:

Q: Do you have a choice not to assign a loan with a judgment?

A: If the Judgment has resulted in recent payments from the borrower then the school does not have to assign the loan. However, if no payments have been made, you will eventually need to assign the loan.

Q: I have never worked directly with the courts to transfer judgments? I have just sent a letter to the courts transferring it and I have not had any notification this is wrong? Am I supposed to be doing this different?

A: It is possible your State does not require you to do anything additional. Each state's process is different.

Q: Is there a central location to learn all of the requirements to transfer judgments for each state?

A: If unsure of the rules of the state, your school's attorney should contact the office of the court clerk to inquire about the requirements.

Q: What process do I need to follow if the judgment has expired?

A: See [page 24](#) of the Assignment and Liquidation Guide as the laws changed on the expiration of judgments in 1991, thereby eliminating the statute of limitations.

Q: What can we do if legal counsel tells us that we need to assign the loan first and get proof of assignment before they will transfer the judgment to the Department?

A: I would recommend reaching out to FSA and telling them what legal counsel is telling you and ask them the best way to proceed. Contact: Greg.gerrans@ed.gov or rebecca.meyers@ed.gov or CODSupport@ed.gov

Q: If the account has documentation that the school authorized litigation from decades ago but there is no other documents or a copy of the judgment or, the collection agency doesn't exist any longer, etc... What can the school do to assign that loan?

A: I would recommend talking with your counsel about this. If you know the court the judgment was obtained through you could inquire to see if there are copies of documents available. If not, I suspect you may have to purchase the loan(s).

NSLDS and Assignment Questions:

Q: If an assignment was accepted by ECSI but in NSLDS the servicer is still showing as the school not the Department, is that something that needs to be corrected? If so, how is that done?

A: Yes- this means the handshake has not been completed. I would contact ECSI at Productionprocessing@efpls.ed.gov and tell them the loan is accepted but does not reflect on NSLDS yet. Provide them the date the loan was accepted.

Q: What report can we get from NSLDS that we can use to reconcile our accounts with NSLDS?

A: The file is called REC005. Found on NSLDS Professional Access Website. Refer to Perkins Assignment and Liquidation Guide [page 2](#) for details.

Q: What tools or reports are there to reconcile with NSLDS?

A: Death Status Conflict Report (DSCSC1) & REC005 for portfolio reconciliation.