Policy Name:  
Student Loan Collection

Policy: 
The University of Maryland, Baltimore (UMB) adopts as its collection goal the full collection of all outstanding student loans and totally supports the collection performance standards set forth by the Department of Health and Human Services and the Department of Education as its operating standards. UMB will withhold services from all students who do not fulfill their student loan obligations. Default rates will be maintained that are equal to or better than federal mandates.

Should a conflict occur between any State of Maryland mandated procedure and federal loan program guidelines, UMB will immediately seek exception from the State mandate in order to insure future compliance to the federal guidelines.

Definitions and Terms:  
In School - The student is considered in school when he/she is enrolled at the University or another qualifying institution of higher learning at least half time for Federal Perkins Loans (Perkins), Private donor loans (Private), and Nursing Student Loans (NSL); and full time for Health Professions Student Loans (HPSL). Loans in this status are not subject to repayment.

In Grace – The student is considered in grace during the interval between the time the borrower ceases to be a student and when repayment begins (grace period). Principal payments are not required and interest does not accrue during the grace period. The grace period is 9 months for Perkins and NSL and 12 months for HPSL and Private loans unless otherwise specified by the donor.

In Repayment – The student has separated from the University, his grace period has ended, and his principal and interest payments are due monthly according to the terms of his promissory note.

In Default – Any loan past due over 120 days.

Purpose: 
To collect and monitor loan funds in accordance with current federal regulations and institutional guidelines in effect for all loan programs. To insure the President and Deans are made aware of any changes in the status of loan programs that may affect the future availability of funds for any program and to enlist their assistance in meeting collection requirements if needed.

Scope: 
This policy will apply to all loans paid from University funds with the exception of emergency loans. This includes Perkins, HPSL, NSL, and Private loans.
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Procedures:

A. Advancement and disbursement of loans.
   1. Financial Aid authorizes the issuance of a loan according to University or federal guidelines within the financial aid module of the University’s student data system. The completed promissory note, statement of rights and responsibilities, and the borrower information sheet are forwarded to Student Accounting by Financial Aid.
   2. After all requirements have been met and upon sufficient enrollment the loans are released to the students’ accounts within the Accounts Receivable module of the University’s student data system.
   3. A file of all new loans is sent to the loan servicer monthly and loans awarded are reconciled to the loan funds advanced through the University’s student data system and the amounts recorded in the general ledger.
   4. Perkins loan borrowers receive an annual comprehensive statement of Perkins funds borrowed generated by our billing agent.

B. Exit Interviews
   1. Before borrowers separate from the University, they must complete an Exit Interview concerning the student loans they received while attending UMB. At that time, they are informed of their rights and responsibilities of repayment and applicable deferment and cancellation benefits, as well as the consequences of a delinquent loan account.
   2. Borrowers are notified of the University’s use of a billing agency to generate computerized statements for the repayment of loans administered by the University.
   3. Borrowers are required to complete a borrower information sheet. This form provides the University with essential information necessary to perform skip tracing when needed.
   4. Every borrower is provided with a disclosure statement containing his/her payment schedule for each institutional loan received. Signed copies of the disclosure statements are maintained by the University.
   5. Should any student fail to attend an Exit Interview, complete an information sheet, sign the Exit Interview statement, or sign all disclosure statements; Student Accounting will place a hold on that student’s record in the University’s student data system resulting in the withholding of transcripts and diplomas.
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C. Contact Before Payment is due
During the grace period, the University’s billing agent contacts the borrower three times as below:
1. 90 days into the grace period the borrower is sent an introductory letter and a Disclosure of Finance Charges.
2. A notice before the first bill that he is about to go into repayment.
3. The first bill.

D. Contact During Repayment
1. Borrowers receive monthly billing statements during repayment and periodic statements while in deferred status. If payment is not made or appropriate request for deferment is not submitted by the borrower when due, the billing agent initiates the following:
   - 15 days – First past due notice
   - 45 days – Second part due notice
   - 60 days – Final Demand (Perkins), mailgram (HPSL/NSL/Private)
   - 75 days – Final Demand (HPSL/NSL/Private)

2. During this time the University also attempts to contact the borrower by telephone at 60 days past due with a follow-up, if necessary at 90 days. If the borrower cannot be contacted by phone a written notice is mailed. At 120 days past due, a 30-day final notice is sent. If the account is not in a satisfactory status at the end of this period, a final attempt is made to contact each borrower by telephone before the account if forwarded to the State’s Central Collections Unit.

E. Credit Bureau Reporting and Defaulted Loans
1. All Loans administered by UMB are reported monthly to the credit bureau from the date of disbursement by secure electronic transmission through our billing agent.
2. All loans in default are referred to the State’s Central Collections Unit for collection. The Central Collections Unit works the account until it is satisfied in full, utilizing outside collection agencies and litigation where appropriate. When all attempts to collect a defaulted loan are exhausted, the loan is determined to be uncollectible and is returned to UMB.

F. Uncollectible Loans
Uncollectible Perkins Loans are prepared and forwarded to the Department of Education for assignment. Uncollectible Nursing and Health Professions Loans are prepared and forwarded to the Department of Health and Human Services for write-off. Uncollectible Private loans are written off to cancellations. Holds remain on student records until proof of collection in full is received from the appropriate agency.
Responsibilities:
It is the responsibility of Student Accounting to administer student loan collections in such a way as to insure the viability of the loan programs and to adhere to all regulations set forth by the federal agencies administering those loan funds; and, in the case of Private loans, to the wishes of the donors.

Restrictions and Exclusions:
Emergency loans, which are given to students on a short-term basis and charged directly to their tuition accounts for repayment, are excluded from this policy.

Related / Impacted Policies:
N/A