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Closing Out the Perkins Loan Program

August 20, 2025



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Session CPE Requirements

- You need to attend 50 minutes to receive the full 1 CPE credit.
- There will be 4 polling questions throughout the presentation. You must respond to a minimum of 3 to receive the full 1 CPE credit.

****Both requirements must be met to receive CPE credit****



National and International Reach

9,000

NEARLY 9,000 PEOPLE

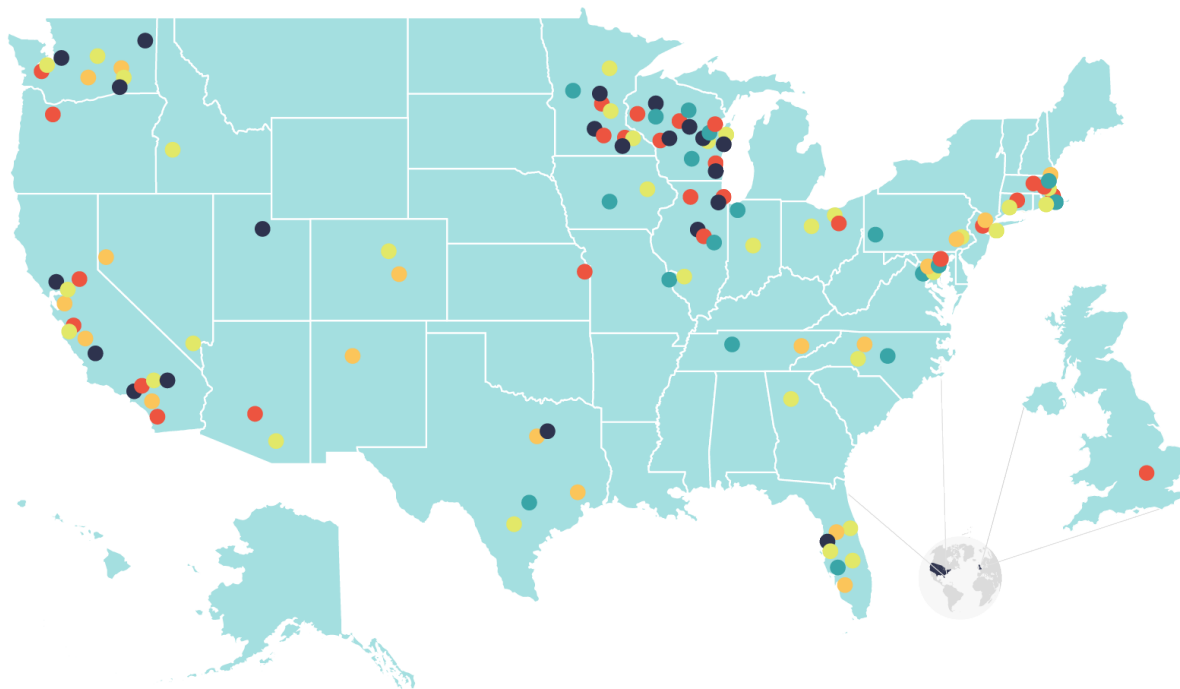
130+

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Learning Objectives

Identify what your institution should do to prepare for the liquidation of the Perkins program

Review different close out options to determine what may be the best fit for your institution

Recall the liquidation procedures and how to close out the Perkins program



Background on Perkins

Revolving loan program

- As dollars are collected from former students, used to make new loans
- Serves students with financial need who qualified for lower interest loans

Funded with contributions from federal government and matched by institutional dollars

- Proportion has varied from 90/10 split to 75/25 split
- FCC: Federal Capital Contribution
- ICC: Institutional Capital Contribution

Congress did not renew after September 30, 2017

No new loans

As loans are repaid, federal portion should be returned to the Department of Education



Poll Question

- How optimistic are you on the current economic conditions and the impact to your organization?
 - 5 = Very confident
 - 4 = Confident
 - 3 = Neutral
 - 2 = Somewhat confident
 - 1 = Not at all confident



Actions to Take to Prepare

All institutions should be taking the following actions whether plan to close out now or if will wait until loans are collected:

- Clean up your portfolio
- Identify all loans and compare to the NSLDS listing
- Segregate loans into three categories
 - Not yet in repayment
 - In repayment and in current status
 - Defaulted



Filtering the PRKPF1 Report for Outstanding Loans

Request the PRKPF1 report from NSLDS to obtain the entire loan portfolio

Filter the data by the “Current Loan Holder Type” and select “School” only.

Exclude zero balances I the column labeled OPB (Outstanding Principal Balance).

Use the Loan Program Code and Error tables (link below) to filter out codes in the Loan Status Column that do not need to be assigned, such as the DS code (loans forgiven due to disability).

[Microsoft Word - Appendix B Federal Perkins Loan Program Code and Error Tables.doc](#)



Loans Not in Repayment



Unknown collection history



Will take longest to collect



Typically, the most recent,
so promissory notes should
be easily accessible



Because no repayment
history, easiest to assign to
ED

Loans in Repayment and Current



If good repayment history, good candidates to consider for purchase



Compare 5% interest that will be earned compared to costs to administer portfolio



If plan on purchasing these loans, no further action is necessary



If plan on assigning, start gathering data (covered later)

Loans in Default



Track down borrowers



If deceased, those loans become liability of ED



Start assigning these loans to ED

Defaulted loans can be assigned at any time
Do not need to be in close-out procedure to assign defaulted loan



Poll Question

- What stage is your institution in as it relates to closing out the Perkins Loan Program?
 - Continuing to collect and assign as ED requires
 - Have not really thought about it yet
 - Assigning as many as possible
 - No loans left and waiting to perform the final procedures
 - I do not work at an institution but am here for the information!



Closing Out the Perkins Loan Program

Notify ED
of intent to
liquidate
(via eCB
system)

Notify
borrowers

Assign all
loans to ED
(via PLAS
system) or
purchase
loans

Update
NSLDS

Submit Final
FISAP

Close out
audit report
and Return
federal share
of funds



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Notify ED of Intent to Liquidate

Notify ED of intent to liquidate

- eCampus-Based (eCB) System
- Designed to guide institution through liquidation and close-out process



Once ED is notified, they will monitor institution's progress (*recommended practice to wait until ready for audit to begin*)



Note: Checking the box on the FISAP is not sufficient notification

Closing Out the Perkins Loan Program



Notify Borrowers

School must notify borrowers by mail at least 30 days before assignment of loans

Template of sample notification letter is included in liquidation guide



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Assigning Loans

Perkins Loan Assignment System (PLAS)

- Submit assignments electronically

User's guide

- Federal Perkins Loan Assignment and Liquidation Guide



Assigning Loans

PLAS

Create a manifest of loans to assign and attach documents electronically

Manual

Can still use the Perkins Loan Program Assignment Form (OMB Form 1845-0048) which can be found on the IFAP website



Information to Enter into PLAS

- Borrower's name and social security number
- Loan type (note "P" for Perkins Loans)
- Interest rate
- Total amount outstanding
- Date of first disbursement



Information to Enter into PLAS

Date of first disbursement must match date initially reported to the National Student Loan Data System (NSLDS)

Separate supporting documentation must be included for each loan, even when borrower has more than one loan to assign

Loans less than \$25 may not be assigned

Legal action taken against borrower - litigation must be completed before assigned



Attachments

- Original or certified true copy promissory note with signatures
 - Even if attached electronically, must still mail the promissory note to ECSI
 - If a school used electronic signatures, the school's most recent audit must verify the extent to which your school's electronic signature process meets the Department's standards
 - If the original promissory note is no longer available and only a photocopy exists, the photocopy maybe submitted with a statement certifying the copy – see requirements in the liquidation guide



Attachments



Disbursement records



Complete repayment history



Judgement information from any legal actions (if applicable)



Bankruptcy information
(if applicable)

Pending bankruptcy petition must be
resolved before assigned

Assignment Process

Once submitted, ECSI will either accept or reject loan



If rejected, can remedy information and resubmit



If can't remedy information, loan must be purchased by institution



Poll Question

- When do you think your institution will start the close out procedures?
 - Currently in the process
 - Within 1 year
 - Within 2-5 years
 - 5+ years



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Close Out Audit Report

General Rule: Must submit close out audit within 45 days of terminating the school's participation

Clock starts once communicated intention to close out to ED and all outstanding loans have been fully retired, assigned and accepted by ED or purchased by institution



Close Out Audit Report

For-profit
institution

Must engage
independent auditor
within 45 days and
submit final report
within 45 days

NFP or
government
(under OMB
Uniform
Guidance
provisions)

Can submit final
audit with single
audit or have
separate close out
audit performed

Inform auditor of close out, as additional procedures required



Audit Process

Contact external auditor or CLA

Auditor will send a request letter of information needed

- Last filed FISAP
- Assignment reports since last filed FISAP
- Documentation of purchased loans
- Final cash calculation
- Main objective is to determine all loans have been collected, assigned or purchased and cash returned to ED



Calculation of Federal Portion

Amount of Cash to return to ED:

$$\frac{\text{Federal capital contribution}}{\text{Federal capital contribution} + \text{institutional capital contribution}} \times \text{cash on hand}$$

Federal Capital Contribution (FCC) and the Institutional Capital Contribution (ICC) come from Part III on the FISAP



Poll Question

- I would like someone from CLA to contact me to discuss the following services:
 - Help with assigning loans
 - Close out audit
 - Consulting regarding Perkins loan close out process
 - Nothing at this time



Resources

Campus-Based Processing Information | Knowledge Center

- Perkins Liquidation and Assignment

Federal Perkins Loan Program Code and Error Tables



Questions?



Thank You!

Brenda Scherer, Signing Director
brenda.scherer@CLAconnect.com
612-376-4626

Jack Waggener, Associate
jack.waggener@CLAconnect.com
612-215-1826



CLAconnect.com



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