

This **glossary** explains many of the terms associated with campus-based student loans and our approach to loan servicing.

A

ACADEMIC RECORDS WITHHELD — See **HOLD FLAG**.

ACCELERATION — The promissory note might have a clause that allows the institution to accelerate a loan when it is past due. When a loan is accelerated the entire balance, accrued interest and delinquent charges on the loan are due, not just the billed portion. Generally accelerate when placing the loan with a collection agency or internal collections staff.

ACCELERATED PAYMENTS — Any payment made in excess of the amount due is applied to the principal balance unless otherwise requested by the borrower. Accelerated payments will not alter the obligation for regularly scheduled payments. See **ADVANCE PAYMENTS**.

ACCEPTED LOANS — See **ASSIGNED LOANS**.

ACTUAL DAYS PAST DUE — This type of past due indicator represents the number of days since the due date of the borrower's oldest outstanding bill. If an adjustment to the loan moves that date forward or backward, the Actual Days Past Due increases or decreases. See also **NOTIFICATION DAYS PAST DUE**.

ACCOUNT NUMBER — This 11-digit number identifies a consolidation of a borrower's loans being billed together. It consists of the Borrower Number followed by the Consolidation Number. See also **BORROWER NUMBER** and **CONSOLIDATION NUMBER**.

ADVANCE — This term describes any disbursement of funds to a borrower. In particular, Campus Partners uses it to describe additional disbursements of the same loan program and interest rate to a borrower who already has a loan on System III but who has not yet entered repayment.

ADVANCE ADJUSTMENT or **ADVANCE REVERSAL** — This identifies a situation where money disbursed to the borrower was returned or adjusted during the same fiscal year.

ADVANCE PAYMENTS — The borrower can specify on his or her billing statement or in a letter that we apply a portion of the overpayment to future bills. The payment must bring the loan current, and the excess must equal at least a complete future bill. These additional payments apply to principal, and the next payment due date will advance one frequency period for each complete installment satisfied by the payment.

Payments that cover a portion of the future bill will not advance the next payment due date and are applied as accelerated payments.

AMOUNT DUE — This amount is the **total** of the current bill to the borrower, according to the scheduled repayment plan. When loans are billed a fixed or graduated **principal** amount, the Amount Due includes interest accrued up to the date the payment is due. However, in the **all cases** amount of interest taken from a payment is determined by the date the payment is received.

ANNUAL OPERATING REPORT (AOR) — The Department of Health and Human Services requires all lenders who disburse HPSL, NSL, LDS and PCL funds to submit this report each year. You can complete this report with the information on our Management Operations Analysis Report.

ARCHIVING OF LOANS — This process rolls the paid-out accounts from the main database into separate storage. Loans are archived only when all of a borrower's loans are paid out and have had no activity for nine months more. The totals for these loans continue to appear on your reports; detail for these loans appears on the June and December Student Loan Journal and FISCOP Reports.

ASSIGNED LOANS — Beginning in 1979, the Department of Education ruled that Perkins/Direct loans could be returned to it for collection. After examining the loan's history to confirm that the loan was processed in compliance with all program regulations, the Department of Education sends back an Acceptance Notice to the school that disbursed the loan. The institution loses all rights to the loans and must reduce its accounts receivable by the balance of the accepted loans. The government will retain all funds it is able to collect.

ASSIGNMENT FORM — This form is used to assign Federal Perkins/Direct loans to the Department of Education. Campus Partners can create a computerized facsimile of the form listing each loan that meets your selection criteria for assignment.

AUDIT LETTERS — Among the borrower contacts that Campus Partners produces are these standard letters that include a summary of the borrower's loan and a preformatted message.

AUTODRAFT (AUTOMATIC DIRECT DRAFT) PAYMENT METHOD — A borrower can use this option to have his or her checking or savings account automatically drafted.

AUTOMATIC PLACEMENT — As loans become past due, they are coded automatically for collection with the agency(ies) you have selected. The loans are reported automatically to the agencies during the week they are flagged for placement.

AUTOMATIC PRORATION — See **MINIMUM PRORATION**.

B

BALANCE — See **LOAN BALANCE**.

BASE AMOUNT — This amount is the portion of a loan that is covered by a certain set of regulations. The term usually refers to the amount that is eligible for cancellation benefits. The sum of the base amounts will equal the original loan amount.

For HPST/NSL loans, the cancellation base amount might need to be adjusted because it must be the lower of these two amounts on the first day of employment eligible for cancellation: (1) the actual loan balance **or** (2) the balance if the borrower were to have paid all outstanding bills.

BASE BALANCE — When loans are comprised of monies from various funds, the disbursements from each fund will have a base balance and a base amount. The sum of these base balances will equal the balance of the entire loan; the sum of base amounts will equal the original loan amount. See **BASE AMOUNT**.

BASE NUMBER — This number shows which federal fund financed a portion of the borrower's loan. We use this number to determine the borrower's eligibility for loan benefits such as deferment, cancellation, and postponement.

BILLED INTEREST — This is interest that has accrued and has been billed during a non-repayment period such as enrollment or grace. Interest that accrues but is not billed during a non-repayment period is called **non-repayment interest**. Both of these apply to institutional programs only.

BILLING ADDRESS — Address used when borrower wants his or her bills to be sent to a location other than his or her permanent residence. For example, a borrower's parents might be paying the loan, or he or she might want to receive bills at a campus or business location.

BILLING STATEMENT — If you select statement billing, we produce a statement for the borrower 20 days before his payment is due. This statement is a summary of each loan under the same consolidation number. A borrower can receive bills for up to five different loans on the same statement.

BORROWER NUMBER — This nine-digit number identifies a borrower and all of his or her loans maintained on System III. You can choose either the borrower's social security number or a unique nine-digit number assigned by our system.

BORROWER REMARK — If you are a DataLink user, this 25-space field allows the institution to record any special identifying data about a particular borrower onto System III. It appears on most DataLink screens.

BPCC AMOUNT — Borrower Paid Collection Cost Amount. This amount is added to collection costs due on the loan as each payment is processed. This amount applies only to loans in collection.

BPCC PERCENT — Borrower Paid Collection Cost Percent. This percentage of the payment amount is added to collection costs due on the loan as each payment is processed. This percentage applies only to loans in collection.

C

CALENDAR YEAR INTEREST — This is the total amount of interest the borrower paid during the current calendar year (January 1 - December 31), which is printed each year on statements generated in January, February, March, and April.

CANCELLATION — Borrowers might be exempt from repaying a percentage of their debt if they meet certain criteria established by the government. In some cases, the entire loan can be canceled.

CAPITALIZATION — This is the process of adding accrued interest and/or fees (late charges, collection costs, etc.) to the principal amount of a loan, thus accruing interest on this new balance. The balance is called the Capitalized Balance. Interest that accrues on the Capitalized Balance is called Capitalized Interest.

CD-ROM — You can receive your reports on CD-ROM, paper, or On-Line Report Viewing format.

COHORT — Based on a segment of active loans and the number of borrowers for purpose of calculating default rate. A borrower who is billed monthly is considered in default when his or her loan is 240 or more days past due (quarterly billing is 270 or more days past due).

CLOSED LOAN — A loan is considered closed when it has reached a status in which no more transactions should be processed on it. Examples: (1) the loan has been paid out or written off for more than a month, (2) has been accepted by the Department of Education, or (3) it has been canceled.

COLLECTION AGENCY INTERFACE — Campus Partners produces special reports to communicate directly with the collection agencies of the institution's choice. Two of the features of this service are automatic placement of loans and payment processing.

COLLECTION COSTS — The cost of performing collection efforts for the loan. There are two types of collection costs:

1. Accrued costs: either actual or average costs incurred by the institution in trying to collect from a borrower; and
2. Contingent costs: charged by a collection agency that is **contingent** on receiving payment from the borrower.

CO-MAKER/CO-SIGNER ADDRESS — This is the address of the person or persons who signed the application to share repayment responsibility.

CONSOLIDATION — This is a consolidation of loans that are billed together. No more than five of a borrower's loans can be billed through the same billing statement or coupon book.

CONSOLIDATION NUMBER — This two-digit number identifies a particular consolidation of loans being billed together for a borrower. It will follow the Borrower Number to form the Account Number.

CONVERSION IMAGE — We use this part of System III to store all of the information you provided at conversion for each of your borrowers. It is a "snapshot" of the loan as of conversion date. We report changes to this data on your Transactions and Adjustments Journal; these changes are often called **CI** Adjustments.

COUPON BOOK — If you select coupon-book billing, your borrowers will use repayment coupons that we package in books of up to 25 coupons. We will send a billing statement for only the first and last installments of the loan.

In addition to coupons, the books contain payment instructions; a forms request; a name/address/telephone number change form; convenient mailing labels and AutoDraft (Automatic Direct Draft) application with instructions.

CREDIT BALANCE — This is the amount by which the borrower has overpaid his or her loan. This amount should be refunded to the borrower.

CREDIT BUREAU REPORTING — Campus Partners offers options to report loans to credit bureaus. You can choose to report loans automatically or manually to the major credit bureaus. Federal Perkins loans disbursed on or after July 23, 1992, will be flagged automatically to report to the credit bureaus at the time of conversion.

CUSTOMER ADJUSTMENT — You can use this option to allow a borrower a special break in repayment not covered by loan regulations. The break acts as a deferment, and you choose whether to accrue interest during the period.

CUSTOMER SERVICE — Your Customer Service Representative is your daily contact person. Call him or her to discuss changes to your loans and ask questions about our standard services as well as special services such as special reports, mailing labels, etc.

D

DAILY INTEREST AMOUNT — This is the amount of interest that accrues each day on the outstanding loan balance.

DATABASE — A database is a storage system with different levels for retaining data on a computer system. System III is our database for storing your student loan information.

DATABASE REPORT — This is a printed list of elements stored in the System III.

DATALINK — This is our on-line system: it gives you direct access to your loan data through a terminal located on your campus. DataLink gives you various inquiry and update capabilities, depending on your needs.

DATALINK DISPATCH — This is an electronic mail system available through the DataLink network. You can use this service to communicate with our personnel: it allows you to send and receive messages through your terminal and printer.

DEBT MANAGEMENT REPORT — See **QUARTERLY DEBT MANAGEMENT REPORT**.

DECELERATION — A loan is decelerated when it returns from acceleration to a normal billing schedule. See also **ACCELERATION**.

DEFAULT — According to federal regulations, a loan is considered "in default" when the borrower fails to make an installment payment when it is due or to comply with other terms of the promissory note or written payment agreement. However, the more familiar usage is to describe loans included in the default rate.

DEFAULT DATE — This is the date of the oldest outstanding bill for a loan. A loan's Actual Days Past Due are calculated from this date.

DEFAULT RATE — (Old calculation; now use Cohort Default Rate) This is the total loan amount of loans in repayment that are 120 days or more past due for monthly frequencies and 180 days or more past due for other frequencies. These loans are excluded from the default rate: paid in full, assigned, discharged in bankruptcy, or currently following a written repayment agreement.

DEFAULT VALUE — A default value (DV) is a constant service option value that you have established for an entire program on System III. The system automatically assigns the default values you have chosen for these options to all new loans within a given loan program.

DEFERMENT — This benefit allows borrowers to delay payments for student status, military service or a low-paying or unsalaried occupation or illness, etc. Each deferment type has different restrictions on length and eligibility.

DELETION — This term describes the process of removing a loan from System III for a particular reason. For example, the loan might have been established under the incorrect program number.

DELINQUENT CHARGES — This general term describes all Late or Penalty Charges, Collection Costs and Other Costs added to a loan. See the specific entries for explanations of these four terms.

DIRECT DRAFT — See **ADD**.

DIVISION OF LABOR — This is a report sorting option. Based on an alpha or numeric sort, a single report is divided into several sections, one for each member of your processing staff. This gives employees the listing of only those loans that are assigned to them.

E

ECONOMIC HARDSHIP — A borrower might receive a deferment for prolonged illness or unemployment for up to three years.

ED553 (see Assignment Form)

ENROLLED — This status covers the period the borrower attends the institution that disbursed his loan. As soon as he or she separates from that school—either by graduating, transferring or dropping out—the borrower enters **grace status**. If the borrower enrolls in another school, he or she can enter a **deferred status**, but not another **enrolled status**.

EQUAL PRINCIPAL PAYMENTS — This repayment plan (**IA** for all loan types) requires that the borrower's scheduled bill amounts cover a **fixed amount** of principal **plus** the accrued interest for the period. This principal amount is fixed for the life of the loan, so the payments begin at a higher level and gradually decrease as the balance decreases. This is an old repayment plan and should not be used on any new loans.

EQUAL TOTAL PAYMENTS — This repayment plan (**I** for Federal Perkins/Direct or **H1** for HPSL and NSL) uses a fixed bill amount for the life of the loan. This payment will apply to interest accrued and then the principal balance in varying proportions as the loan is paid. In general, the amount of each payment applying to interest decreases as the loan balance decreases.

EXCEPTION BILLING — This describes loans being billed under a special payment arrangement other than the normal billing schedule. These loans can be in Special Billing or Hardship Deferment.

EXIT INTERVIEW — A school official must conduct this interview session with the borrower when he or she is preparing to leave school. During the interview, the school official must (1) make the borrower aware of obligations and potential benefits under the loan program regulations and (2) obtain enough background information from the borrower to make skip-tracing easier.

Two documents can be used for this interview: (1) the Repayment Schedule and Disclosure Statement and (2) a Loan Interview Sheet. A school can either produce its documents according to federal regulations or order them from Campus Partners in an automatically generated package for each separating borrower.

F

FINAL PAYMENT OPTION — The ability to add the final bill amount to the previous bill, allowing the borrower to satisfy his or her loan one billing frequency earlier. Parameters are set by amount or percentage.

FEDERAL REGISTER — This is a publication from the federal government in which various proposed and final resolutions are published. The listing of all low-income schools that are eligible for cancellation under the Perkins Loan Program is published annually in the Register.

FINANCE CHARGE — This is the total amount of interest that will accrue on the principal balance of the loan during the repayment period, based on the projected amortization schedule.

FISCOPS — The Department of Education requires all schools that disburse Federal Perkins/Direct funds to submit a **Fiscal Operations Report** each year. [This report is a part of the FISAP (Fiscal Operations Report "FISCOPS" and Application to Participate)]. To help complete this report, Campus Partners generates a Fiscal Operations Analysis report that provides the information needed.

FIXED INTEREST RATE — The Federal Perkins/Direct, HPSL, and NSL programs accrue interest on loans at a constant rate beginning the day after the grace period expires. The same interest rate is used throughout the life of the loan, except during deferments, when interest accrual ceases, or if a judgment is awarded.

FIXED PRINCIPAL PAYMENTS — Total payment includes principal and accrued interest.

FORBEARANCE — Effective for all Federal Perkins loans of July 1, 1995, and after; A borrower might qualify to receive an extension of repayment of principal and interest or principal for a period not exceeding three years.

FULL SERVICE — Full Service customers allow Campus Partners to perform *all* the required contact with the borrower including phone calls, forms processing, written correspondence and reconciling. However, the client remains accountable for the management of its loan program and must take the necessary steps to control its default rate, including additional contacts with its borrowers, collection, and litigation.

Our Operations staff performs this servicing until the loan is paid in full, accepted by the government, or written off. A **Customer Service Representative** handles requests for each client.

FUND ISSUE NUMBER — This number identifies the fund(s) from which a loan originated. A loan can have up to 10 fund numbers (i.e., monies from 10 different sources). Institutions must notify Campus Partners of the fund numbers they want to use so that these can be verified before a loan is input.

FUTURE-DATED FORMS — When borrowers submit forms with the start date in the future, we call these future-dated forms. For example, a borrower might send us a form in December 1994 for a period covering January to June 1995.

G

GRACE DEFERMENT — This is a student deferment that is granted before the borrower's original grace period expires. We use this special term because the borrower is entitled to renew his or her full grace period after a **Grace Deferment**.

GRACE EXPIRATION DATE — This is the end date of the original grace period *unless a borrower has received grace deferments*. When a borrower receives a grace deferment, his or her grace expiration date is recalculated based on the end date of the grace-deferment period.

GRACE PERIOD — This period begins on the day the borrower leaves school and lasts a certain number of months as dictated by private or federal program regulations. During this period, the borrower receives no bills, and interest does not accrue on the loan balance. Interest accrual begins the day after the Grace Expiration Date (end of the Grace Period).

GRADUATED PRINCIPAL PAYMENTS — These repayment plans ("I," "N3," and "IV" for Federal Perkins/Direct and "H3," "H4," and "H5" for HPSL and NSL) allow the amount of principal being billed to increase in varying percentages over time, at monthly, quarterly or yearly intervals. The accrued interest for the period is added to the principal amount due to make up the total bill. The intent is to keep bill amounts fairly constant while the payments to principal gradually increase. See **REPAYMENT PLANS** for a description of each.

GROUPING — This procedure is used to store data for loans that belong to the same borrower in the same file on System III, regardless of lender. This allows us to locate and examine all of a borrower's loans quickly, while making System III more efficient.

H

HARDSHIP — This special type of deferment can be granted to borrowers under "extraordinary circumstances" such as unemployment or illness. Lenders determine which borrowers should receive this benefit.

Unlike standard deferments, hardships allow interest to accrue on the loan during the deferred period.

1. **Hardship Billing:** Borrowers billed during this period pay according to one of the two plans under **Hardship Billing Plan** that follows.
2. **Hardship Deferment:** Borrowers pay all interest accrued during the hardship or at the end of the deferment period.

HARDSHIP BILLING PLAN — The following are billing plans for repaying interest accrued during the Hardship Period:

- 0 = Bill a fixed total amount (the Hardship Amount) **during** the Hardship Period
- 1 = Bill the Hardship Amount plus interest during the Hardship Period
- 2 = Bill Hardship Interest **only during** the Hardship Period
- 3 = Bill Hardship Interest **at the end of** the Hardship Period
- 4 = Interest accrues during the Hardship Period but is not billed separately

HISTORY — This is the complete chronological record of due diligence contacts and transactions Campus Partners has processed on a loan. System III stores all monetary and non-monetary data changes here in order of the date they became effective. (Thus, if a backdated transaction is processed, it will appear in history where it took effect, not for the day it was processed. The post date also will appear in History.)

HOLD FLAG — You can set this flag to indicate that you are withholding academic records from a borrower who exceeds a certain number of days past due. A value of "Y" indicates that the records are being withheld; this code appears on your Student Loan Journal for your reference.

HPSL (HEALTH PROFESSIONS STUDENT LOANS) — The Department of Health and Human Services established this loan program to provide aid to students aspiring to health-related careers. It provides deferment, cancellation and postponement benefits to borrowers and is subject to federal regulations.

I

ID NUMBER — This number identifies the Campus Partners employee or school staff member who changed or added data on System III. It will appear on the Transactions and Adjustments Journal and in the loan history with the transaction the person performed.

INSTITUTIONAL LOAN PROGRAMS — This general term refers to loan programs that use funds left in personal or corporate endowments to colleges, universities, or businesses/corporations. These loans are not governed by federal regulations.

INTEREST ACCRUAL CODE — Indicates when interest should accrue. A value of 1 means interest is accrued for all statuses (private loan programs only). A value of 2 means interest is accrued for all statuses except enrolled, grace and deferred.

INTEREST BENEFIT ELIGIBILITY CODE — Determines how accrued interest will be billed during enrolled, grace, and deferred periods.

INTEREST RATE — The interest rate represents the "cost" of borrowing the money. All loan programs have established interest rates, some depending on the loan's date of disbursement. Campus Partners uses daily simple interest to accrue interest on the borrower's loan(s).

INTERIM INTEREST — At times, interest might accrue on a loan during a non-repayment period such as enrollment, grace, or deferment. This *Interim Interest* is permitted only on institutional loans (with the exception of "Hardship Deferment" situations). It is billed periodically during this time. (Also see *Billed Interest* or *Nonrepayment Interest*.)

IRS SKIP-TRACE — The Internal Revenue Service helps find good addresses for student loans that have (1) valid Social Security Numbers, (2) no good addresses and (3) past due statuses of more than 30 days.

The IRS can perform a "skip-trace" by attempting to match the social security number on our files to one on the IRS file. If the numbers match, the IRS will send the address on its to you. Campus Partners produces a monthly report that can be forwarded to the IRS. Your first request must include a copy of Campus Partners' and your institution's safeguard procedures.

J

JUDGMENT LOAN/FLAG — This flag can be updated to allow a new interest rate to be charged on the loan after a judgment has been litigated.

L

LATE CHARGES — These charges are assessed when loans become a certain number of days past due. The amount, method, and time of the late charge assessment might vary by institution. Federal programs have set guidelines and maximum percentages on the amount you can charge based on the promissory note.

LENDER — Any party disbursing federal or private funds in a loan program is a lender. Campus Partners also uses this term to describe a *single customer* (because it might have multiple loan programs).

LENDER NUMBER — Three-digit number identifies one customer's group of loan programs. Each customer is a unique lender.

LENDER REMARK — See **BORROWER REMARK**.

LDS (Loans to Disadvantaged Students) — The Department of Health and Human Services established this loan program in **1990** for *disadvantaged health professions students*.

LITIGATION — This term means that a borrower has been sued for non-payment of his or her loan obligation. The loan is "in litigation" until a verdict has been rendered.

LITIGATION FEES — Cost of court and attorney fees that are incurred when litigating delinquent borrowers. These can be loaded onto System III under collection costs or other costs.

LOAN AMOUNT — Total amount that has been disbursed for the loan.

LOAN BALANCE — Original principal loan amount that the borrower has not satisfied through payment or cancellation.

LOAN CONSOLIDATION — All of a borrower's loans from a single lender can be consolidated into a single bill. A lender with multiple loan programs of different types must decide if he wants loans of different types to be in the same consolidation (i.e., included on the same statement). The consolidation can consist of one to five loans, all with the same billing method and payment due date.

LOAN CORRECTION — Transaction is used when a loan must be deleted and re-established on System III. No monetary activity (e.g., payments, cancellations) occurred while the loan was on the system.

LOAN INTERVIEW SHEET — Form available upon request to help you in disbursing loans.

LOAN MONITORING FLAG — Flag that enables tracking a particular loan by reporting it on the Loan Monitoring Report, which is similar in content to the Past Due Loans Report. Although you can have any loan appear on this report, it is most useful for tracking chronic delinquents or borrowers in unusual circumstances.

LOAN NUMBER — This nine-digit number is fixed when the borrower's first loan in a program is established on System III. You have two options for assigning this number: (1) using the borrower's social security number or (2) designing your system of unique nine-digit numbers.

The **Loan Number**, when paired with the **Program Number** and **Sequence Number**, identifies a single loan.

LOAN PROGRAM — Fund from which loans are made under a single set of repayment regulations (i.e., institutional or government). For example, all loans with the Federal Perkins Loan Program are governed by the same set of federal repayment guidelines. This term is often used in a general sense to refer to the type of a loan. (See **LOAN TYPE**.)

LOAN REMARK — This field appears on the DataLink screens and on many reports. It holds up to 25 spaces of information about a particular loan for a borrower. This institution can add any data in this field that will be helpful to you.

LOAN SCHEDULING — Process that determines the appropriate number of bills that must be generated to pay the loan in full based on the following criteria: (1) repayment term, (2) repayment plan, (3) repayment frequency, (4) minimum bill amount and (5) loan balance.

Scheduling can take place at various stages in the life of a loan: when any of the first four criteria listed above change, when advances are added or deleted, and when deferments or cancellations are processed.

LOAN TYPE — Identifies the type of loan program from which a loan was made; in turn, the program indicates which regulations govern the repayment and due diligence process for the loan. It can identify a specific federal program — Federal Perkins Student Loans, Health Professions Student Loans, or Nursing Student Loans — or a private institutional program.

M

MANUAL PLACEMENT — Loans are coded automatically as **eligible** for collection when they become past due. To place loans with agencies, you must complete a **Collection Processing Transmittal — To Place or Transfer** or a customer adjustment request form.

MANUAL WRITE-OFF — This write-off is used when an HPSL or NSL loan officially is approved as a write-off by the Department of Health and Human Services. It also can be used for Perkins loans that meet write-off requirements as well as for Institutional Loans that meet lender write-off requirements. You should retain documentation of any write-offs for audit purposes.

MARKETING REPRESENTATIVE — Person whom is responsible for introducing new business and for handling all subsequent contractual issues.

MASS TRANSACTION GENERATOR (MTG) — Method used by Campus Partners to affect many loans with one transaction. Through MTG, we can change all late charge codes, for example, from **N** to **Y** on selected loans with one transaction, thus allowing late charges to be assessed. Instead of keying the change on a loan-by-loan basis, we gain time and accuracy with these simultaneous updates. Changes made through MTG will not be apparent to your institution.

MATURITY DATE — Date the loan should reach the end of its repayment period based on the minimum amount (if applicable to the loan), repayment frequency and the balance of the loan. The maturity date will be less than 10 years (which is the maximum term on federal loans) if the borrower has a small balance loan. Deferments and other program benefits might extend the maturity date.

MINIMUM AMOUNT or **MINIMUM BILL AMOUNT** — Minimum amount that a borrower must pay on each installment for a certain type of loan. Only in a hardship situation are lower amounts allowed. According to regulations, when borrowers have multiple loans of the same type, their total bill must equal or exceed the minimum. The minimum is prorated among the loans according to loan amount.

MINIMUM PROCESSING — Function that prorates the minimum bill amount among a borrower's loans as different loans roll in and out of repayment or new loans are added.

MINIMUM PRORATION — Optional feature of System III that allows the minimum amount to be prorated automatically among several loans for a borrower. The proration applies only to loans from the same program. The school can allow proration of the minimum with other lenders on System III or restrict it to loans within its programs.

To determine the amount allocated to each loan, we divide each loan amount by the sum of all loan amounts. The result in each case is the percentage of the minimum amount to allocate to each loan.

MODIFIED — Modified Customers retain the direct borrower contact functions of forms processing, inquiries, and collection efforts. Campus Partners performs the billing, recordkeeping and reporting functions in the name of the lender. Modified Customers also have an assigned Customer Service Representative who helps with special concerns and requests.

MONETARY TRANSACTION — Payments, advances, payment reversals and any other transactions involving money are monetary transactions.

MTG — See **MASS TRANSACTION GENERATOR**.

N

NEW LOAN — A loan is considered *new* if it meets these criteria: it must (1) be in an enrolled or a grace status, (2) have no monetary activity, and (3) be "new" to System III (loaded to our files for the first time). If a borrower leaves your school and returns after his grace period has expired, you must set up a new loan for any money he or she receives the second time.

NOTE DATE — Campus Partners uses this date to determine the regulations that apply to loans in federally regulated programs. This date might be the date the promissory note was signed, the date of the first disbursement on the loan or the date the borrower accepted the award.

NDSL (NATIONAL DEFENSE/DIRECT STUDENT LOANS) — Federal loan program administered by the Department of Education; it officially changed its name to the *Perkins Loan Program* in 1986 and the *Federal Perkins Loan Program* in 1992. Loans disbursed on or after July 1, 1972, come from "Direct" funds, while loans disbursed before were from "Defense" funds. This distinction is important since cancellation regulations differ for Direct and Defense loans.

NSLDS (National Student Loan Data System) — A national database of loan-level data on the Title IV aid programs.

NONREPAYMENT INTEREST — Interest accrued during either an enrolled or grace status. Once this interest is billed, it is called billed interest. This applies only to private institutional programs.

NOTIFICATION DAYS PAST DUE — This type of days past due indicates the loan's path through the past due contact cycle. When an adjustment to a loan suddenly causes it to be past due, the Notification Days will not be raised but will increase one day at a time. Past due contacts and actions (including assessment of late charges, automatic acceleration, collection agency placement, and credit bureau reporting) are triggered by the number of Notification Days Past Due. Thus, we make sure that all past due (due diligence) activity required by regulations and/or the lender will be performed. See also **ACTUAL DAYS PAST DUE**.

NSL (NURSING STUDENT LOANS) — This federal loan program is administered by the Department of Health and Human Services. Its purpose is to aid students aspiring to careers in nursing and is subject to federal regulations.

O

ORDER OF POST — The order of post determines the order in which transactions are applied to a loan or the order in which due amounts are cleared by a transaction. When System III applies a payment to a federally funded loan, it satisfies the various due fields in this sequence: (1) collection costs; (2) other costs; (3) late charges; (4) interest; and (5) principal. On private funds, the lender can select the payment application sequence for collection cost, other costs and late charges.

OTHER COSTS — Costs incurred by the institution in collection of the loan. (e.g., cost of address searches)

ON-LINE REPORT VIEWING — You can view your weekly/monthly reports online via System III. Access to the on-line report view option is not automatic.

P

PAID-OUT LOAN — Any loan, whose principal balance has been satisfied fully, either through payment, cancellation, or write-off.

PAST DUE CONTACTS — We use letters and phone calls as part of our Due Diligence process to notify a borrower that payment on his or her loan is overdue. Federal regulations require specific contacts, but you can elect to add others to these requirements. Campus Partners offers standard contacts: 15-day Past Due Notice, 45-day Past Due Notice, 60-day Demand Letter and 90-day Phone Call (Federal Perkins).

PAST DUE DAYS ALLOWED — Number of days that a loan can be past due before a late charge is assessed. After a late charge is assessed for the first time, the loan must reach this number of days past due before an additional late charge can be assessed.

PAST DUE DEFERMENT — Status that indicates a borrower has failed to make payment by the due date on a bill sent during the deferment period. For example, he or she might be late paying a bill for accrued interest or reduced amounts due during Hardship, or a bill for interim interest on an institutional loan.

PAST DUE ENROLLMENT — Status that indicates a borrower has failed to make payment by the due date on a bill sent for interim interest during the enrolled period. This applies only to institutional loans.

PAST DUE GRACE — Status that indicates a borrower has failed to make payments by the due date on a bill sent for interim interest during the grace period. This applies only to institutional loans.

PAST DUE NOTICE MINIMUM — Option that allows you to prevent past due notices from being sent to a borrower when the amount that is past due on his loan is less than or equal to the amount you select. You can choose an amount up to \$9.99 (a minimum of \$1.00 is loaded for all loan programs).

PAYMENT DUE DATE — Date that an installment is due. If received later than the payment due date, the payment is past due. We print the payment due date on each bill with a message stating this requirement. A borrower's due date is initially selected at random from the range of the 1st through the 28th of the month.

PAYMENT SCHEDULE — See **LOAN SCHEDULING** and **REPAYMENT SCHEDULE**.

PAYOFF AMOUNT — Amount required to pay the loan in full on a given day. This amount consists of the principal balance plus all accrued interest and all delinquent charges due.

PCL (Primary Care Loan program) — The Department of Health and Human Services established this program in 1994 to encourage individuals to provide health care in nonspecialized fields.

PENALTY CHARGES — Charges assessed to a borrower for late payment. Penalty charges collected from borrowers must be deposited into the federal fund. The provision for penalty charges is mandatory in the HP SL and NSL promissory notes but was optional in the Federal Perkins/NDSL promissory notes used before July 1, 1987.

PERKINS LOAN PROGRAM — The National Direct Student Loan Program officially was renamed to the Perkins Loan Program by the Higher Education Amendments of 1986.

POST DATE — Date a transaction was entered on the loan.

POSTDEFERMENT GRACE — The period that follows a deferment during which the borrower receives no bills and interest does not accrue on the loan during this time. The applicable federal regulations determine which deferments for such a grace period.

POSTPONEMENTS — During this period, borrowers who might be eligible for cancellation benefits at the end of a year of service teaching; serving in the military, Peace Corps/VISTA or serving in law enforcement are not required to make payments.

During postponement, amounts due continue to accrue. The full amount becomes due at the **end** of this period.

PREVIOUS YEAR INTEREST — This is the total amount of interest the borrower paid during the previous calendar year (January 1 — December 30).

PRIMARY ADDRESS — Address we will use for mailing bills and notices to the borrower unless he has requested a separate Billing Address. When the primary address is coded "bad," the system will use the next available "good" address. See also **BILLING ADDRESS** and **SECONDARY ADDRESS**.

PRINCIPAL BALANCE — See **LOAN BALANCE**.

PROGRAM NUMBER — Campus Partners assigns this five-digit number to identify a single loan program within a school. See also **LOAN PROGRAM**.

PROGRAM/LOAN NUMBER — This 16-digit number consists of the Program Number followed by the Loan Number and Sequence Number; it uniquely identifies a single loan on the system. See also **LOAN NUMBER** and **PROGRAM NUMBER**.

PROJECTED COHORT — A report that identifies the borrowers targeted to be part of the following year's Cohort.

PROMISSORY NOTE — The borrower must sign this document (often referred to as the *prom note* or simply *note*) when he receives a loan. The note must contain terms that clearly define procedures for loan repayment and the consequences of nonpayment. For federal programs, the text is specified in the regulations.

PRORATION — See **MINIMUM PRORATION**.

Q

QUARTERLY DEBT MANAGEMENT REPORT — The Department of Health and Human Services requires lenders who disburse HPSL or NSL loans to submit this report quarterly. Our Management Operations Analysis report provides the information you need to prepare this report.

R

RECONSTRUCTION LOAN — A new loan is called a reconstruction loan when it is posted to System III for the first time and monetary activity already has occurred.

RECONSTRUCTION LOAN CORRECTION — Reconstruction loan that was on System III and now is being reentered to correct an error on the loan.

RECORDS WITHHELD FLAG — See **HOLD FLAG**.

REFERRED LOANS — From 1979 to July 1, 1981, the Federal Perkins/Direct regulations authorized schools to refer loans to the Department of Education for assistance with collections efforts. The Department of Education returned a percentage of the money collected on these referred loans to the school of origin. As of February 1989, all referred loans must be assigned to the Department of Education or returned to a repayment status.

Rather than refer loans to the government, schools may now assign them, but they are not entitled to collected monies under the assignment procedure. See **ASSIGNED LOANS**.

REFUND — A refund amount on System III means that the borrower has a credit balance because he or she has overpaid his loan. Credit balances of \$10 or more must be refunded to the borrower or manually written off; credit balances of \$9.99 or less automatically can be written off on System III.

REJECT — A reject is a transaction that cannot be processed because of unacceptable data. Rejects usually result from a simple keying error, so most rejects can be corrected and processed immediately.

REPAYMENT FREQUENCY — This code indicates how often the borrower must be billed for payments on his loan. The five possible frequencies are (1) monthly, (2) bimonthly, (3) quarterly, (4) semiannually and (5) annually. The frequency is based on institutional preference and loan program regulations.

REPAYMENT METHOD — This indicates how we notify the borrower of the required periodic payments on his loan. We offer three repayment methods: coupon books, billing statements, and ADD (Automatic Direct Draft).

A school can choose whether coupons or statements are to be used, but the borrower can opt for ADD as an alternative to either. Certain situations, such as Special Billing Arrangements, require that the loan be billed by statements. See **COUPON BOOKS**, **BILLING STATEMENTS**, and **ADD** for more information about each type.

REPAYMENT PLAN — This determines the way loan payments should be scheduled. Loan type determines which plans can be used. These plans are valid for federally regulated loan programs.

REPAYMENT SCHEDULE — This schedule breaks payments for the life of the loan down into these categories: Number, Amount, and Frequency. See **LOAN SCHEDULING** for more information.

REPAYMENT SCHEDULE AND DISCLOSURE STATEMENT — This document summarizes the borrower's loan obligation, including finance charge, number and amount of his payments and frequency. Campus Partners provides this form as part of the Exit Interview Package or as a stand-alone form. It meets federal regulation requirements for a repayment schedule.

REPROCESSING — This automatic procedure takes place whenever a transaction is processed with an effective date in the past. All transactions that have posted to the loan since that date will be re-examined to see how they will be affected by the new transaction. And comments in the loan history and on the Transactions and Adjustments Journal will identify any adjustment that results from reprocessing.

RESCHEDULING — See **LOAN SCHEDULING**.

REVERSE ADVANCE — See **ADVANCE ADJUSTMENT**.

S

SCHEDULING — See **LOAN SCHEDULING**.

SECONDARY ADDRESS — System III can store up to three of these alternate addresses for a borrower. They should be the residences of relatives or friends who would know the borrower's whereabouts. When the Post Office returns a notice sent to the primary address, we will use the first available secondary address to send statements to the borrower.

SEPARATION DATE — The anticipated date of the borrower's graduation or the actual date the borrower left school/graduated.

SEQUENCE NUMBER — At times, a Loan Number might need to identify more than one loan for the borrower. For these cases, a two-digit Sequence Number identifies each of the loans so that we can differentiate among all loans within that Loan Number.

SLSP (SYSTEM/LENDER/SUB-LENDER/PROGRAM) NUMBER — This 16-digit number is composed of these four parts: System Number, Lender Number, Sub-Lender Number, and Program Number. We use this composite identification number to set up your servicing options, and they make your reporting options more flexible.

SOCIAL SECURITY NUMBER — On System III, we store the social security number to identify each borrower and to supplement skip-tracing through the IRS. If you choose our Social Security Number Option for identifying your borrowers, you use the SSN as the nine digits of the Loan Number on the New Loan Input Form. Then when we place the loan data on our computer files, System III automatically transfers this number from the Loan Number field to the Social Security Number field.

SPECIAL FEES FLAG — This flag is used to identify the types of promissory notes involved in the assessment of late charges and collection costs; they are used mainly for the Federal Perkins Loan Program.

STOP CODES — These codes may be used to halt any one of six processes on a borrower's loan. The function will be stopped if a value that represents the reason for the hold is entered in its code. These six functions can be stopped:

1. Accruing interest
2. Sending bills
3. Sending and accruing bills
4. Sending past due notices
5. Sending past due notices and aging delinquent loans
6. Sending audit statements

(Because of compliance restrictions, functions 1, 3 and 5 can be stopped only on institutional loans.)

STUDENT ID NUMBER — Your school assigns this number (up to 11 digits) to identify the borrower (rather than the loan). This number, which appears only on the on-line screens, can be used to access the borrower's record. You can choose any numbering system for this identification.

SUBLENDER NUMBER — We use this three-digit number to identify a set of several loan programs within the same lender. This grouping can be used to produce consolidated reports for these programs.

SYSTEM NUMBER — This five-digit number identifies a group of lenders (customers) that are related. Its primary function is to permit generation of cross-lender consolidated reports as needed (for example, for the use of an official of a statewide system of colleges).

SYSTEM III — See **CAMPUS PARTNERS/SYSTEM III**.

T

TABLES — System III uses tables to store all of the servicing options your institution selects at conversion. In this way, our system always follows your choices when processing transactions. Most of these selections can be changed by written request.

TAX OFFSET — In some states, schools are permitted to request that a borrower's state tax refund be sent to them to offset student loan or other debts owed to the institution. Payments received from the state tax offset are not subject to collection agency fees and are identified by System III with the source code of T.

TERM — The repayment term is the maximum number of months a borrower has to repay his or her loan. Federal programs have a maximum of 120 months (i.e., 10 years).

TRANSACTION DATE — This is the date a transaction became effective (e.g., the date a payment was received, the beginning date of a deferment period).

U

UNEMPLOYMENT — Borrowers can request deferments if they can provide proof that they actively are seeking (but unable) to find permanent employment. This deferment is for a maximum of three years.

UNIFORM VALUES — As you submit New Loans (or Advances) to Campus Partners, spaces on the batch tickets allow you to record any items that have the same value for all the New Loans (or Advances) in the batch. By completing these values on the batch ticket, you will not have to record them separately on each form within the batch; you also ensure that they will be input automatically for the entire batch.

Examples of items, which may be input as Uniform Values, are Status Code, Advance Date, Interest Rate, Grace Months, Repayment Plan, and Frequency.

UNPOSTABLE — A new loan or advance is called "unpostable" when the system is unable to process it because we need additional information from the school. We send you Unpostable Response Documents to request correct data.

V

VARIABLE INTEREST RATE — In this situation, the loan's interest rate might not be constant throughout the life of the loan. To name a few possibilities, it might accrue at a lower rate during the enrolled period, a higher rate when the borrower goes past due or a higher rate after a certain number of years in repayment. This provision can occur only on a loan granted through a private program.

W

WITHHOLD FLAG — See **HOLD FLAG**.

WRITE-OFF — A write-off is an accounting entry used to close out loans with small debit or credit balances. System III offers automatic write-off options for private loan funds; restrictions for the federal programs. Campus Partners has arranged to write off a low balance of \$0.50 and less. After the loan has cycled through due diligence (15- and 45-day notices) then the low balance can be written off.