
LOAN AND RECEIVABLE POLICIES

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1701 LONG-TERM STUDENT LOANS - PERKINS, HPL, NSL & INSTITUTIONAL

Subject: Loans and Receivables
Effective: January, 1989
Revised: April, 2015
Last Reviewed: April 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

To assist students in financing the cost of education, the University administers several governmental and institutional loan programs.

POLICY

- 1. Student Registration & Financial Services (SRFS) has the responsibility and authority to administer all student loans.**
- 2. The University Director of Financial Aid will ensure adherence to all program terms and conditions as prescribed by government and/or University regulations.**
- 3. The University Director of Financial Aid will ensure that eligibility is determined in accordance with the Needs Analysis consistent with government regulations and University policy.**
- 4. Any student borrower must sign a promissory note (hard copy or e-signature) and disclosure statements as required prior to disbursement of his/her loan.**
- 5. Long-term student loans must be applied to a student's billing account.**
- 6. Student Registration & Financial Services is responsible for administering, disbursing and collecting all current long-term student loans.**
- 7. Student loans past due in excess of 120 days will be referred for collection to third parties such as collection agencies.**
- 8. The University utilizes an external agency (Affiliated Computer Services – ACS) a division of Xerox for servicing student loans, including performance of all due diligence requirements, and providing billing services, as permitted by law.**
- 9. SRFS will maintain the required loan loss reserve(s) for loans guaranteed by the University such as the Penn Guaranteed Loan Program.**

1702 SHORT-TERM EMERGENCY STUDENT LOANS

Subject: Loans and Receivables
Effective: January, 1989
Revised: March, April, 2015
Last Reviewed: April, 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

To establish authority and responsibility for administering, disbursing and collecting short-term emergency loans to students.

POLICY

1. The Office of Student Registration & Financial Services is responsible for administering, disbursing and collecting short-term emergency loans to students.
2. The awarding and administration of short-term emergency student loans will be governed, where applicable, by loan fund trust documents. In other cases, the applicable guidelines will be established by the Associate VP SRFS or the University Director of Financial Aid.
3. Students may have only one short-term loan outstanding at any one time. Short-term emergency loans may not exceed \$1,000 per student and must be repaid within 30 days.
4. All students must sign a short-term promissory note prior to disbursement of the loan.
5. All short-term student loans past due are subject to late payment penalties and financial hold restrictions.

1703 EXTENSION OF CREDIT FOR SALES AND SERVICES

Subject: Loans and Receivables
Effective: December, 1986
Revised: November, 2008
Reviewed: April 2017
Responsible Office: Treasurer's Office
Approval: Trustees

PURPOSE

Certain sales and services activities require that the University extend credit to individuals/parties outside the University.

POLICY

1. The authority to extend credit to outside individuals/parties rests with the Treasurer's Office. This authority has been delegated to the operation departments involved in the activities.
2. The extension of credit to any one individual/party may not exceed \$250,000 without the prior approval of the Trustees.
3. Deans/Directors will establish proper authority levels to approve individual credit decisions and ensure that appropriate credit review practices are followed.
4. All credit extensions must be supported by proper documentation that establishes the third party's obligation for payment.
5. Credit terms in excess of 30 days from the time sales or service are delivered must be approved by the Treasurer's Office.
6. All operating departments engaged in sales/services activities must prepare monthly aging of account receivables and submit them to the Comptroller's Office.

1704 LOANS TO AFFILIATES

Subject: Loans and Receivables
Effective: December, 1986
Revised: May, 2006
Last Reviewed: April 2017
Responsible Office: Treasurer's Office
Approval: Trustees

PURPOSE:

Certain circumstances require that the University extend loans to outside parties. This policy relates to outside parties other than University employees.

POLICY:

1. The authority to extend loans to outside parties rests with the Trustees.
2. All loans to affiliates must be approved by the V.P. for Finance and Treasurer.
3. All loans to affiliates granted in excess of \$100,000 require the prior approval of the V.P. for Finance and Treasurer.
4. All loans to affiliates granted in excess of \$250,000 require the prior approval of the Trustees.
5. All loans made to outside parties will be report annually to the Budget and Finance Committee.

1705 EMPLOYEE LOANS

Subject: Loans and Receivables
Effective: June, 2008
Last Reviewed: April 2017
Responsible Office: Treasurer
Approval: Treasurer

PURPOSE

By general policy, the University does not provide loans to employees. However, loans may be extended on an exception basis to employees under conditions of extreme personal need, or for the purpose of recruitment and retention of certain key faculty and staff.

POLICY

1. The availability of this program is at the sole discretion of the President, Provost, Executive Vice President, or Vice President for Finance and Treasurer.
2. Loans under this program are conditional upon the borrower's continued employment by the University. Upon termination, all amounts become due and payable immediately.
3. All loan terms and conditions will be determined by the Office of the Treasurer.
4. Only requests made by the President, Provost, Executive Vice President, a Vice President or a Dean will be considered. The requests must be submitted to the Treasurer for approval. In certain circumstances, the Treasurer may require the additional concurrence of the Provost or Executive Vice President.
5. The requesting Dean or Vice President will assume all budgetary responsibility in the event of default.
6. The following is required by all borrowers:
 - a. An executed loan note including a confession of judgment. Additional security may be required when, in the opinion of the Treasurer, circumstances warrant.
 - b. Authorization for payroll deduction of principal and interest in the event of default by the borrower.
7. The Office of the Treasurer, in consultation with the Office of General Counsel, has responsibility for ensuring compliance with applicable federal, state and local regulations.

1706 LOAN GUARANTEES

Subject: Loan and Receivables
Effective: December, 1986
Revised: May, 2008
Last Reviewed: April 2017
Resp. Office: Treasurer's Office
Approval: Treasurer's Office

PURPOSE:

The University may guarantee loans to certain employees or affiliated organizations.

POLICY:

1. The V.P. for Finance and Treasurer or his designee shall be authorized to execute the University's loan guarantee up to the aggregate limit prescribed by the Trustees.
2. The Trustees must approve all loan guarantees in excess of \$250,000 prior to their execution.
3. A report of contingent liabilities including all outstanding loan guarantees shall be reviewed by the Budget and Finance Committee annually

1707 USE OF COLLECTION AGENCIES

Subject: Loans and Receivables
Effective: January, 1989
Revised: March, 2010
Last Reviewed: April 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

The assistance of collection agencies and attorneys may be necessary to ensure repayment of amounts due the University.

POLICY

1. The authority to contract with collection agencies / attorneys for securing payments for delinquent student loans and student receivables is the responsibility of Student Registration & Financial Services. The Office of the Treasurer is responsible for all other receivables.
2. Those offices, in consultation with the Office of the General Counsel, may engage legal services to assist in the collection of delinquent loans / receivables.

1708 COLLECTION OF STUDENT LOAN RECEIVABLES

Subject: Loans and Receivables
Effective: January, 1989
Revised: March, 2010
Last Reviewed: April 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

To ensure the timely collection of student loan receivable balances.

POLICY

1. The University will adhere to all due diligence requirements in connection with collection procedures for all government sponsored loan programs.
2. Repayment schedules for student loan balances will be prepared in accordance with government regulations or trust agreements governing the loan programs.
3. The Office of Student Registration & Financial Services has authority to refer matters to outside billing agents, including attorneys approved by the Office of the General Counsel, to assist in the collection of past due student loan balances.
4. The Office of Student Registration & Financial Services places HOLDS on Academic records for delinquent loan receivables. The Office of Student Registration & Financial Services is responsible to maintain, update, release or waive HOLDS.

1711 STUDENT FINANCIAL AID ADVANCES

Subject: Loans and Receivables
Effective: January, 1989
Last Reviewed: March, 2014
Revised: April 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

To establish authority and responsibility for administering, disbursing and collecting student financial aid advances.

POLICY

1. The Office of Student Registration and Financial Services is authorized to make financial aid advances to students for the express purpose of advancing confirmed financial aid which has yet to be received / disbursed. Financial Aid is defined as funds administered by outside agencies, E.g. Direct Loans, Private Loans etc., as well as funds administered by the University. Advances will not be granted against faculty/staff tuition benefits or work-study awards.
2. The Office of Student Registration and Financial Services is responsible for administering, disbursing and collecting all student financial aid advances.
3. The amount of the financial aid advance:
 - a. Will not exceed the student's one month cash requirement as determined by the Office of Student Registration & Financial Services
 - b. Will not exceed the difference between the amount of confirmed financial aid to be received less the amount of outstanding student charges as recorded on the student billing system; and
 - c. Generally, will not exceed \$1,000 for an undergraduate student and \$2,000 for a graduate student. Exceptions must be approved by an SRFS Senior Director or Counseling Management.
4. Advances against financial aid will not be granted to any student who, in the judgment of the Office of Student Registration & Financial Services, did not reasonably attempt to apply and receive the financial aid in a timely manner.
5. Financial aid advances will be granted only in cases where:

- a. The student complies with all application requirements; and
 - B. The student is currently registered for the semester to which financial aid applies.
6. Other Emergencies as determined by Counseling Managers or Senior Directors.

1712 EXTERNAL/PRIVATE LOANS

Subject: Loans and Receivables
Effective: July, 2007
Last Reviewed: April, 2015
Revised: April 2017
Responsible Office: OSFS
Approval: Associate VP SRFS

PURPOSE

To assist students in financing their cost of education.

POLICY

1. The Office of Student Registration and Financial Services (SRFS) is responsible for the administration of private student loans.
2. Preferred lender lists and appropriate disclosures require approval by SRFS.
 - A. No school or department shall recommend any lender, or publish a preferred lender list without prior approval from SRFS. (Associate VP SRFS or University Director of Financial Aid).
 - B. When and if the student is directed to a lender, the referral must be based solely on the best interests of the students and parents who take out the loan.
 - C. The University, or any of its employees, may not accept anything of value from any Lending Institution in exchange for any advantage or consideration provided to the Lending Institution related to education loan activity. This includes, but is not limited to, gifts, revenue sharing, staffing assistance, computer hardware and printing costs and services. To ensure that we are in compliance with this provision as a matter of policy, neither the University, nor any employee, may accept anything of value from a Lending Institution, for any reason, without prior approval of the Vice President for Finance.
3. Preferred Lender Lists – content
 - A. EVERY brochure, web page or other documents that set forth a Preferred Lender List must clearly disclose the process by which the University selected lenders, including but not limited to, the criteria used in compiling the list, and the relative importance of those criteria.
 - B. Every brochure, web page or other documents that set forth a Preferred Lender List, or identifies any lender as being on a Preferred Lender List, must state, in the same font and same manner as the predominant text on the document, that:

- i. Students and their parents have the right to select the education loan provider of their choice.
 - ii. Students and their parents are not required to use any of the lenders on the Preferred Lender List.
 - iii. Students and their parents will suffer no penalty for choosing a lender that is not on the Preferred Lender List.
 - iv. The University may not refuse to certify, or delay the certification of, a loan based on the borrower's choice of lender.
 - C. The decision to include a lender on any list and the decision as to where the lender's name appears shall be determined solely by consideration of the best interests of the students or parents who may use the list without regard to the interests of the University.
 - D. Preferred Lender Lists must be reviewed no less than annually.
 - E. Lenders on the list must provide assurance to the University that the advertised benefits upon repayment will continue to benefit the borrower regardless of whether the lender's loans are sold.
 - F. No Lending Institution that, to the University's knowledge after reasonable inquiry, has an agreement to sell its loans to another unaffiliated Lending Institution shall be included on any preferred Lender List unless the agreement is disclosed in the same font and same manner as the predominant text on the document in which the Preferred Lender List appears.
 - G. No Lending Institution shall be placed on any of the University's Preferred Lender Lists or in a favored placement on any list, in exchange for benefits provided to the University or to the University's students in connection with a different type of loan.
4. The University may not allow and must ensure that no employee or other agent of a Lending Institution is ever identified to students, or prospective students of the University or their parents, as an employee or agent of the University. No employee or other agent of a Lending Institution may staff the University Financial Aid Office(s) at any time.
5. The University may not link or direct potential borrowers to a lender's Master Promissory Notes, or other loan agreements.
6. No University employee who has responsibilities with respect to education loans may accept from any lending institution or its affiliate any compensation for any type of consulting or services relating to education loans.
7. No University employee may serve on a "for profit" lending institution advisory board or committee.
8. University employees may serve on not-for-profit advisory boards; however, the employee may not receive any remuneration for serving as a member or participant on the board or receive reimbursement from a Lending Institution for lodging, meals, or travel to conferences.