

# Write-off Helpful Hints

HRSA, BHW, HCLB

Write-off Submissions

Sticking Points in the Process

**Starting the Process:** You have decided to clear out those delinquent case files and know that the Division of Health Careers and Financial Support (DHCFS), Health Careers Loans Branch (HCLB) is the key to the write-off process. But how to get started? What does the process require? So many questions you say? How does a person get help? The purpose of this information sheet is to answer some of those questions.

**Go to the source:** The answers to these and most questions can be found in the Student Financial Aid Guidelines (SFAG). The SFAG including exhibits can be found at the HCLB website at <https://bhw.hrsa.gov/funding/schools-manage-loan-programs>.

**Check out the Financial Management Collections Guidance:** Review the following chapters and sections:

Due Diligence Summary	Chapter 1
Due Diligence Process	Chapter 2
Bankruptcy	Chapter 2, Section 5
Write-off Procedures	Chapter 3

These chapters provides guidance on the types of documentation required to evidence due-diligence compliance. After reading the referenced material, completing your research, and collecting your documentation, you are almost ready for submission. But wait, let's just double check what we've got. Here are a few last minute items to review which often become the sticking points in write-off submissions.

**Is the total amount of all the borrower's loans (principal, interest, & penalty charges) less than \$3,000?** If so, the schools have the authority to write-off the balance of the loan provided all due diligence steps have been completed, and documented (subject to audit).

**Is the write-off review submission request within the 60 day time-frame of the date the loan(s) were determined to be uncollectible or when the repayment period expired?** Cases over \$3,000 requesting review need to be submitted within 60 days after uncollectibility has been determined. Additionally, for cases discharged in bankruptcy proceedings, the case is deemed

uncollectible the day the school receives the discharge notice and must be submitted within 60 days of that date.

**Is the case submitted by a servicer or the school?** A school is in the best position to make the decision as to the uncollectibility of a loan and ultimately decide to submit it for write-off review. However, if the case is submitted by a servicer, documentation of the School's determination of uncollectibility should be included with the submission.

**Ensure that copies of signed and dated Promissory Notes are included.** Schools are responsible to keep and safeguard the originals as a permanent part of the borrowers' record.

**Does Entry/Exit documentation exist in the file?** To meet this requirement, a school must conduct and document an entrance interview for each academic year during which the student receives loan funds and prior to funds being disbursed to the student. Likewise, a school must conduct and document an exit interview upon a borrower's exit from the program for which the funds were loaned. A school should make every effort to establish electronic or paper records of individual or group sessions or procedures to support compliance.

**Are the required grace period contacts included/supported?** The regulations require a school to contact borrowers in writing twice during the grace period at intervals determined by the school. Mailed exit interview information may not take the place of one of the two grace period contacts.

**Deferments are available for periods of time in which a borrower is engaged in an approved activity.** Regulations require borrower to request a deferment citing an eligible activity for the time frame in which it is to be in effect. Ensuring that the borrower signed the request and the appropriate school official has approved the request will meet the basic requirements for this one.

**Does regular billing exist and is supported by documentation?** The regulations require a school to perform and document regular billing. To comply with this requirement, a school must either send a statement prior to the due date of each payment or use a coupon payment system which provides coupons to borrowers no less often than biennially. *Past Due notices should not be mistaken for the required billings.*

**Reporting delinquent accounts to Credit Bureau(s) when the account first becomes 120 days or more delinquent.** An integral part of the review process is to scan the case history for an annotation of credit bureau reporting anytime the account exceeds the 120 day delinquency date.

**Has the account been referred to a Collection Agent?** Regulations require a school to use a collection agency. However, a school can use an in-house or a commercial agent. For each collection agent to which an account is referred, the school must document the date of referral, the results of the collection agent's efforts, and the date the account was returned to or recalled by the school. In addition, a copy of the procedures followed by the in-house collection agent, or a copy of the contract (i.e, service agreement) with the commercial collection agency must be made available to the Department.

**Has the account been litigated?** Regulations require a school to litigate the account after all

other collection efforts have failed unless the school can show that litigation would not be cost effective. This is subject to the Secretary's approval. A package that contains documentation to that effect will greatly enhance its chances for success.

**It all makes sense:** By taking a few extra moments to look over your due diligence documentation on each borrower that a school contemplates submitting, a school can better avoid the pitfalls and problems associated with denials. It's that last look-see and a spare moment of double-checking that usually catches those "sticking points." Check to see if the package you prepare for submission contains, supports, and evidences the items listed in the **Due Diligence Check List (Exhibit C)** and referenced above. A Due Diligence Check List must be completed, signed and submitted with each loan being submitted for write-off review. Then, any need for additional information will be greatly reduced while enhancing the potential for approval. Time and effort spent in preparing the package and its subsequent submission will be greatly reduced. Now, you have the latest helpful information available, are equipped and encouraged to give the write-off process a try.

**Write-off questions:** contact Jerry Locklear at [jlocklear@hrsa.gov](mailto:jlocklear@hrsa.gov)

**Write-off submissions:** contact Jerry Locklear at [jlocklear@hrsa.gov](mailto:jlocklear@hrsa.gov) and ask for a secure email link.

#### Quick References - Student Financial Aid Guidelines: Fiscal Management - Collections

Due Diligence Summary	Chapter 1
Due Diligence Process	Chapter 2
Bankruptcy	Chapter 2, Section 5
Write-off Procedures	Chapter 3
Due Diligence Check List	Exhibit C