

Consolidation Loan Processing Made Easy

Are you interested in increasing your institution's cash flow and reducing the need to follow up on your Perkins accounts? General Revenue Corporation (GRC) can help. By following our suggestions below, you can help ensure your borrowers' consolidation applications are processed more expeditiously.

1. For Perkins loans, your school or billing service will receive a Loan Verification Certificate (LVC) by mail. The LVC should be completed* and returned to the consolidating servicer (i.e., Navient, Nelnet, Great Lakes, or PHEAA/Fed Loan Servicing) within 10 business days of receipt.
2. To reduce the risk of an underpayment and improve your cash flow, consider using the electronic LVC process. This process uses a file layout accepted by all consolidation servicers. For more information on electronic LVCs, go to www.studentloans.gov.
3. Once the loans are consolidated, the consolidation servicer will send your school a payoff manifest.
 - Payments sent by Automated Clearing House (ACH) electronic delivery from Federal Student Aid (FSA) will contain the manifest number in the addendum record.
 - Paper checks sent from FSA will list the associated manifest numbers on the accompanying stub.
4. Through the National Student Loan Data System for Students (NSLDS), you and/or your billing service will need to report the loan as "paid in full through consolidation".
5. Schools are responsible for handling information about underpayments and overpayments.
 - Procedures and the payment template can be requested from the consolidating servicer (i.e., Navient, Nelnet, Great Lakes, or PHEAA/Fed Loan Servicing).
 - Note that, as of April 2015, FSA requires all schools to use ACH processing.
 - Underpayment procedures: If the consolidation payment received does not pay the loan in full, and if the shortage is \$25 or more, the consolidation billing service will make the additional payment upon request from you or the billing service. You may need to request that your billing service submit the underpayment documentation.
 - Overpayment procedures:
 - o If a consolidation results in an overpayment of \$10 or more to a student borrower's account, you are responsible for returning the overpayment refunds to the appropriate consolidation servicer.
 - o Before processing refunds, be sure to verify the accounts were reviewed for any required collection costs adjustments, to ensure the student borrower has paid all costs associated with his/her debt.

For further information about the LVC process, manifests, NSLDS reporting, and over/under payments, go to, <http://ifap.ed.gov/eannouncements/032114NewDCLPinfoAddGuidancePerkinsHealth.html>.

*Completing an LVC does not guarantee the loan will be paid in full. For example, the borrower may have listed the loan to only be included for indebtedness, decided against consolidation, or may not have completed all forms required to include the loan(s).