



# New York Medical College Policy and Procedure Manual

<b>Section: STUDENT FINANCE</b>	<b>No.: CO.751</b>
	<b>Date: July 20, 1993</b>
<b>Subject: STUDENT LOAN COLLECTION PROCEDURES</b>	<b>Page 1 of 3</b>
	<b>Supersedes:</b>

## I. Purpose

To establish guidelines for the collection of delinquent loan accounts.

## II. Scope

This policy applies to all borrowers (former students) who have defaulted on loans.

## III. Definition

Not applicable.

## IV. Policy

It is the policy of New York Medical College to notify borrowers, and where appropriate, credit agencies, when their accounts become past due.

## V. Procedures

- A. Borrowers will receive a **Student Loan Statement (SF-3)** thirty (30) days prior to each due date during the loan repayment period.
- B. Notices requesting payment will be sent to borrowers whose accounts indicate a past due balance.
  1. **First Overdue Notice (SF-4)**
    - a. The College will send a **First Overdue Notice (SF-4)** to the borrower within fifteen (15) days after a missed payment indicating the account is past due and a request for payment.

**Issued By:**

**Approved By:**

**2. Second Overdue Notice (SF-5)**

- a. If the borrower does not satisfactorily respond to the **First Overdue Notice (SF-4)**, the College must send a **Second Overdue Notice (SF-5)** within thirty (30) days after the first overdue notice is sent. The borrower is now forty-five (45) days past the missed payment due date.

**3. Final Demand Letter (SF-6)**

- a. A final letter must be sent within fifteen (15) days of the second past-due notice, or at sixty (60) days past due.
- b. This letter informs the borrower that:
  - 1). Failure to respond will result in the College referring the account for collection or litigation and reporting the default to a credit bureau.
  - 2). The College plans to accelerate the loan (make the full amount, including interest and any applicable late charges, due and payable immediately).
  - 3). The College will withhold academic transcripts until the account has been brought to a current status.
- c. If the borrower does not respond to the **Final Demand Letter (SF-6)** within thirty (30) days from the date it was sent, the College shall attempt to contact the borrower by telephone before beginning collection procedures.
  - 1). If the contact indicates that the situation calls for a renegotiated repayment schedule or a deferment, the College will make appropriate arrangements.
  - 2). If the contract indicates otherwise or the borrower cannot be contacted, the College will accelerate the loan as indicated in Section V.B.3.b.2). above.

**VI. Responsibility**

**A. Student**

1. Repay all funds borrowed.

**B. Student Finance Department**

1. Follow-up on overdue notices and demand letters.
2. Place delinquent loan accounts with a collection agency if the borrower does not bring account into a current status by the required date.
3. Notify a credit bureau of accounts 120 days or more past due.
4. Provide advice and guidance with respect to the interpretation and administration of this policy.