

## Annual Operating Report Form Instructions

The Web Reporting System (WRS) provides on-screen edit messages for items that may need further clarification. The Student Financial Aid Guidelines (SFAG) provide comprehensive information regarding the programs. The SFAG can be found at the following website: <http://bhpr.hrsa.gov/dsa/>.

If loans have ever been disbursed to students, they must be reported on your Borrower Accounts Worksheet; therefore, your report will not be considered complete if Page 6 of the report contains all zeros.

### **All data must be in agreement with your institution's general ledger records.**

Entries in the "Current" column(s) should be the net totals of transactions for the current reporting period indicated on the report.

Entries in the "Cumulative" column(s) are system generated and should be the totals of transactions (account balances) *since the institution first began participating in the loan program through the current reporting period.*

## **4.2 Student Borrower Section AOR (Report Page 1)**

### **THE FOLLOWING INFORMATION APPLIES ONLY TO ACTIVE PROGRAMS.**

#### **ITEM 1 Number of Student Borrowers**

- This number should include all borrowers participating in this program to whom loan funds were awarded (authorized or committed but not necessarily disbursed) during the reporting period.

#### **ITEM 2 Total Dollar Amount of Loans Awarded**

- This number should include the total dollar amount of all loans awarded for this program (authorized or committed but not necessarily disbursed) during the reporting period.

#### **ITEM 3 Total Full-Time Enrollment for the Discipline Reporting Program**

- For HPSL, PCL, and LDS schools – This number should include all **full-time** students only (using your school's definition for full-time) enrolled in the discipline program for which you are reporting.
- For NSL schools – This number should include all **full-time and part-time** students (using your school's definition for full and part-time) enrolled in the discipline program (associate, diploma, baccalaureate, graduate) for which you are reporting.

#### **ITEM 4 Race/ethnicity of Individuals Receiving Assistance During This Reporting Period and Total Enrollment**

- Select the category of race/ethnicity using the following definitions that most closely reflect the individual's recognition in his/her community for the purpose of reporting on persons who are of mixed racial and/or ethnic origins. *If information is not available, it may be omitted from the table. This data is collected in 4,A and 4,B.*

##### **Race:**

- *American Indian or Alaska Native:* A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.
- *Asian:* A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent including for example Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

- *Asian Underrepresented*: Any Asian (see above definition) **other than** Chinese, Filipino, Japanese, Korean, Asian Indian, or Thai.
- *Black or African American*: A person having origins in any of the Black racial groups of Africa.
- *Native Hawaiian or Other Pacific Islander*: A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands
- *More than One Race*: A person having origins from more than one race.
- *White*: A person having origins in any of the original peoples of Europe, North America, or the Middle East or North Africa.

**Ethnicity:**

- *Hispanic or Latino*: A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origins regardless of race.
- *Non-Hispanic/Non-Latino*: A person not having origins of Mexican, Puerto Rican, Cuban, Central or South American

(Note: Each race must be categorized into Hispanic/Latino and Non-Hispanic/Non-Latino ethnicities.)

**Item 4, C Total Number of Graduates and Disadvantaged Graduates**

- Of the number of students entered by race/ethnicity who have received loans, enter the number of students who have graduated during the reporting period, and the number of the total graduates that were disadvantaged. (Note: Each race must be categorized into Hispanic/Latino and Non-Hispanic/Non-Latino ethnicities.)

**Items 5, 6, 7, and 8 refer to HPSL/PCL Allopathic and Osteopathic Medicine Only(Primary Care Loans):**

**ITEMS 5 & 6 Number of PCL student borrowers and total PCL dollar amount awarded**

- This amount should include total number of new PCL borrowers and the PCL funds authorized or committed but not necessarily disbursed during the reporting period.

**ITEM 7 Defaults on Service Obligation**

- This number should represent the current number of PCL borrowers who defaulted on their service obligation and the original amount of principal loaned for this reporting period.

**ITEMS 8 Total Graduates and Graduates in Primary Care Residency and Practice (allopathic and osteopathic medicine only)**

**8A, 8B Total Full-Time graduates**

- Enter the *total number of graduates* from your school for the appropriate year, and of that total, the *total number of graduates in primary care* for the appropriate year.

**8C. Percentage**

- These items are automatically calculated.
- **Note:** Schools that do not meet one of the criteria under Participation of Graduates in Primary Health Care Residencies and Practices (see Student Financial Aid Guidelines) are subject to certain penalties. These criteria

are based on the percentages calculated here. If your school does not meet any of the three criteria for PCL program compliance, you will be billed for 30% of your current year income. "Income" is defined in section 723(d) (4) of the Public Health Service (PHS) Act to mean payments of principal and interest on any loan made from the fund, and any other earnings of the fund.

### **4.3 Program Accounts Section (Report Pages 2 and 3)**

Values in cumulative fields are based on previous awards and reports. Please contact us (Appendix A) for assistance when discrepancies arise.

#### **ITEM A Federal Funds Awarded**

- The amount should equal the amount shown on the Notice of Award for the current year, if applicable.

#### **ITEM B Cash Balance - Start of Report Period**

- The amount should be the same as the ending cash balance on the prior AOR. If it is not, provide the reason in the Comments section.

#### **ITEM C1 Federal Funds Received/Receivable**

This amount should be the cumulative net funds received that is equal to the total funds drawn each year from Payment Management System (PMS) minus any same year returns of funds to PMS.

- *Note 1: The return of any current year fund receipts (against the current year award) should be made through the Payment Management System (PMS)*
- *Note 2: Money should be drawn down from PMS in whole dollars only. This amount includes the funds drawn against the current year award minus any returns and/or funds requested through PMS not received by June 30*

#### **ITEM C2 Institutional Contributions Deposited**

This amount should be the current amount of institutional contribution deposited. The cumulative amount must equal at least one-ninth of the cumulative FCC Funds received (Item C.1) plus any cumulative transfers from scholarships (item C.3) and less cumulative transfer to scholarships (Item D.2).

- If an institution has exceeded its one-ninth requirement in a prior period and wishes to withdraw some or all of the monies (providing the withdrawal does not result in a negative cash balance), report the withdrawal as a negative amount in the current year column. **DO NOT show the withdrawal of excess institutional contributions as a "Repayment to Institution."**

#### **ITEM C.3 Transferred from Scholarship Fund**

- This number remains constant. A cumulative total in this field was from funds added from the Scholarship Fund which no longer exists. However, this number is included when calculating institutional contributions

#### **ITEM C.4 Loan Principal Collected**

- This amount should be the current amount of loan principal collected from borrowers or purchased by the institution.

#### **ITEM C.5 Interest Income Collected on Loans**

- This amount should be the current amount of interest on loan principal collected from borrowers or purchased by the institution.

#### **ITEM C.6 Penalty Charges Collected on Loans**

- This amount should be the current amount of penalty charges collected from borrowers for late scheduled

payment. The HPSL and NSL legislative amendments require that for NSL notes/disbursements signed on or after October 1, 1985, and for HPSL notes/disbursements signed on or after October 22, 1985, borrowers must be charged a late fee, not to exceed six percent on loans more than 60 days past due. See Policy Memorandum Number Ten (December 24, 1986) for additional information.

#### **ITEM C.7 Investment Income**

- Policy Memorandum Number 6 (May 1984) states:  
“ When there is an unavoidable delay between the time a school receives HPSL and NSL Federal Capital Contributions or collections and the time new HPSL and NSL awards are disbursed, the school must place the funds on hand in an insured interest-bearing account, and must deposit all interest earned in the HPSL and NSL funds. A school that has not placed its investment income in the HPSL or NSL fund will be subject to an audit exception, and will be required to reimburse the HPSL or NSL fund out of institutional money for the amount of investment income that the school should have deposited in the HPSL or NSL fund in the past. “All schools must assure that investment income is being properly handled in addition to the requirement of section 740 (b)(2)(e) of the HPSL statute and section 835 (h)(2)(e) of the NSL statute that any earnings of the fund be deposited in the fund, this money can be an importance source of additional funds for lending to students.”
- Report the current amount of earnings on program Funds deposited in any type of interest-bearing account.

#### **ITEMS C.8, C.9, & C.10 Institutional Repayments of Bad Debts, Principal, Interest, and Penalty Charges**

- This amount should be the current amount of the institution’s repayment of principal, interest, and penalty charges on bad debt write-offs requests that were denied
- **Note:** *Institutions have the ultimate responsibility for bad debt losses not approved for write-off by the DSLS BHP. There is nothing to prevent an institution from further pursuing the collection of a bad debt after it has been disapproved for write-off by DSLS; any amounts recovered would lessen the institution’s liability*

#### **ITEMS D1 Loaned to Students**

- Report the current amount of funds loaned to students

#### **ITEMS D2 Transferred to Scholarship Fund**

- This number remains constant. A cumulative total in this field was from funds transferred to the scholarship fund which no longer exists. However, this number is included when calculating institutional contributions

#### **ITEMS D3, D4, & D5 Repayments to Federal Government, Principal, Interest and Other Income**

- This amount should be the current amounts of this program’s principal, interest and other income repaid to the Federal Government
- An example of Repayments to Federal Government is excess cash returned to the Division of Financial Operations. **DO NOT include amounts returned to PMS because those amounts should be adjusted against Federal Funds Received within the appropriate award period.**
- Payment made last year for the PCL assessment should be reported on Page 2 – Program Accounts Section in Part D – Cash Disbursements Lines 3-5 – Repayments to Federal Government. In order to report your assessment in the three lines of the AOR (i.e., principal, interest, and penalty charges), apply the 30% assessment amount to the items defined as income (shown on your assessment notice) and report them in the appropriate sections.
- For purposes of reporting, the amounts determined for penalty charges and investment income may be combined and reported as “other income.” In addition, the school should repay itself the proportionate share of institutional matching funds (1/9) associated with the amount of funds returned for PCL. These amounts would be broken down the same way as Repayments to Federal Government, but reported on Lines 6-8 – Repayments to Institution, Principal, Interest, and Other Income.

Please refer to the Student Financial Aid Guidelines for further information. If you have any questions on your school's

compliance, refer to Appendix A for contact information.

**Note:** Make check payable to Public Health Service and enclose a letter with the following information:

- Name of institution (including discipline)
- Type and purpose of program funds being remitted (e.g., Federal Capital Contribution – HPSL program, remittance of student loan collections)
- The institution OPS number (e.g., OPS No. 1234-81-11)
- The amount of principal, interest, and other income, if any
- Send your remittance and letter using the Mailing Address Guidelines in Appendix B of the User Guide.

#### **ITEM D.6 Repayments - to Institution, Principal**

- This amount should be the current amount of principal collected on student loans repaid to the institution.
- **Note:** An example of a repayment to Institution would be the institution's proportionate share of excess cash in the Fund balance that has been repaid to the institution. DO NOT show withdrawal of Funds as a result of excess institutional contributions in this item. (See note on item C.2.)

#### **ITEM D.7 Repayments to Institution, Interest**

- This amount should be the current amount of interest collected on student loans repaid to the institution.

#### **ITEM D.8 Repayments to Institution, Other Income**

- This amount should be the current amount of other income collected from student loans repaid to the institution.
- **Note:** This item is in reference any amounts in Items C.6, C.7, and C.10 that were repaid in the institution's 1/9 portion in conjunction with a repayment to the Federal Government.

#### **ITEMS D9, D10, D11, and D12 Collection Agent Costs, Principal and Interest Litigation Costs, Principal and Interest**

- This amount should be the current amount of allowable internal or external collection agent costs (prorated proportionately to the amount of principal and interest collected) charged to the Fund.
- This amount should be the current amount of litigation costs (prorated proportionately to the amount of principal and interest collected) charged to the Fund. These costs do NOT include expenses incurred in sending the final demand letters on attorneys' letterhead.
- The cost associated with collecting the full amount of principal and interest (Items C4 and C5) must be prorated and reported in Items D9 and D10. Litigation costs associated with the collection of a loan must be prorated in the same manner as collection costs and reported in Items D11 and D12. This method of reporting is required even if the collection agency and/or attorney remit only the net amount (collections less collection or litigation costs) to the institution. If the institution is able to get the borrower to pay the collection costs or the litigation costs, the costs are not charged to the fund.
- **Note:** Refer to Policy Memorandum Number Nine (May 16, 1986) for an explanation of allowable collection costs. Collection costs may be charged to the HPSL/NSL Fund without requesting prior written permission from the Bureau of Health Professions, Division of Student Loans and Scholarships as long as your school is following sound due diligence procedures. If the Bureau finds that a school is charging collection costs to the Fund without having exercised due diligence, the school will be required to reimburse the Fund for those charges.

*Report the current amount of allowable internal or external collection agent costs (prorated proportionately to the amount of principal and interest collected) charged to the Fund.*

*Report the current amount of litigation costs (prorated proportionately to the amount of principal and interest collected) charged to the Fund. These costs do NOT include expenses incurred in sending the final demand letters on attorneys' letterhead.*

- **EXAMPLES OF PRORATING COLLECTION COSTS (Litigation Costs to Be Prorated in Same Manner)**

An institution directs a collection agency to collect \$1,000.00 principal and \$200.00 interest for a total of \$1,200.00 from a delinquent borrower. The collection agency collects all \$1,200.00 but deducts \$360.00, or 30% of the amount collected, before remitting the net amount of \$840.00 to the institution. The institution reports as follows:

|   |            |
|---|------------|
| Loan Principal Collected                    | \$1,000.00 |
| Interest Income Collected                   | 200.00     |
| Collection Costs, Principal (30% x \$1,000) | 300.00     |
| Collection Costs, Interest (30% x \$200)    | 60.00      |

An institution directs a collection agency to collect \$1,500.00 principal and \$500.00 interest for a total of \$2,000.00 from a delinquent borrower. At the end of the report period, the collection agency has collected \$1,600.00 (80% of \$2,000.00), which it remits to the institution with a bill for \$480.00 (30% of the \$1,600.00 collected). The institution pays the collection agency \$480.00 taken from the Fund and reports as follows:

|   |            |
|---|------------|
| Loan Principal Collected (80% of the \$1,500) | \$1,200.00 |
| Interest Income Collected (80% of \$500)      | 400.00     |
| Collection Costs, Principal (30% of \$1,200)  | 360.00     |
| Collection Costs, Interest (30% of \$400)     | 120.00     |

**ITEM D13 Credit Bureau Fees**

- This number should be the current amount of credit bureau agency fees charged to the Fund

**ITEM D14 Other costs**

- This amount should be the amount of other costs charged to the fund (i.e., overpayments and underpayments of \$10.00 or less).
- **Note:** DO NOT include administrative costs such as BILLING AGENCY COSTS, SALARIES, STAMPS, BANK CHARGES, and the like incurred by the institution in the management of the loan Fund. They are considered general administrative costs that the responsibility of the institution.

**ITEM E. CASH BALANCE - End of Period Covered by This Report**

- **Note:** This amount should be equal to the current year beginning cash balance plus current year cash receipts minus current year cash disbursements. The cumulative cash receipts less the cumulative cash disbursements should also equal the ending cash balance. This amount should be equal to the actual cash on hand and in the

*institution's bank account (adjusted for Funds in transit on June 30).*

**ITEM F.1 & 2 LOAN CANCELLATIONS TO BORROWERS - Professional Practice & Nursing Employment**

- **Note:** Applies to Nursing Set Aside Program Loans incurred prior to September 29, 1979; and for those borrowers whose health professions loans for the study of medicine, dentistry, osteopathy, or optometry were incurred prior to November 19, 1971. Loan cancellation to borrowers in professional practice and nursing employment is no longer permitted. The cumulative section and numbers remain as historical data of loan cancellations granted when they were permitted.

**ITEM F.1.a. Professional Practice - HP Practice-Shortage (10%)**

- These numbers are historical data.

**ITEM F.1.b HP Practice - Rural Shortage (15%)**

- These numbers are historical data.

**ITEM F.2.a.b.c. Nursing Employment**

- These numbers are historical data.

**ITEM F.3.a DEATH**

- Under the appropriate column headings, these should be the current and cumulative number of borrowers amounts of principal and amount of interest that were approved for cancellation due to death. Do not duplicate these items in Item F.3.b.
- On HPSL Loans made on or after 10/22/85 (Applicable to HPSL FCC programs only): HPSL FCC Programs report only the information for loans made on or after October 22, 1985.

**ITEM F.3.b DEATH**

- Under the appropriate column headings, these should be the current and cumulative number of borrowers, amounts of principal, and interest that were approved for cancellation due to death. Do not duplicate these amounts in Item F.3.a.
- On all loans except those reported in Item F.3.a. (Applicable to all programs): HPSL FCC Programs report only the information for loans made prior to October 22, 1985.

**ITEM F.4.a Permanent and Total Disability**

- Under the appropriate column headings, these should be the current and cumulative number of borrowers, amounts of principal, and amount of interest that were approved for cancellation due to permanent and total disability. Do not duplicate these amounts in Item F.4.b.
- On HPSL Loans made on or after 10/22/85 (Applicable to HPSL FCC Programs only): HPSL FCC Programs report only the information for loans made on or after October 22, 1985

**ITEM F.4.b Permanent and Total Disability**

- Under the appropriate column headings, these should be the current and cumulative number of borrowers, amounts of principal, and amount of interest that were approved for cancellation due to permanent and total disability. Do not duplicate these amounts in Item F.4.a.
- On all loans except those reported in Item F.4.a. (Applicable to all programs). HPSL FCC Programs report only the information for loans made prior to October 22, 1985.

**ITEM H *Bad debts approved for write-off by DHHS, and Bad debts under \$3,000 approved for write-off by the institution.***

- This should be the amounts approved for write-off minus any subsequent collections that are received from borrowers who were previously written off.

## **4.4 Calculation of Excess Cash Worksheet (Report Page 4)**

FOR ACTIVE PROGRAMS ONLY

### **HOW THE FEDERAL GOVERNMENT DETERMINES EXCESS CASH**

**Note: Excess cash is automatically calculated for all programs except Allopathic and Osteopathic Medicine. Allopathic and Osteopathic schools should use the worksheet to figure out their Excess Cash.**

#### **Item A. General Ledger Cash Balance as of...**

- Enter the General Ledger Cash Balance

#### **Item B. Actual Collections for...**

1. Principal - Same number entered on page 2, C4.
2. Interest - Same number entered on page 2, C5.
3. Investment Income and Penalty Charges - The sum of the same numbers entered on page 2, C6 & 7.
4. Institutional Repayments of Bad Debts (Principal, Interest & Penalty Charges) - The sum of the same numbers entered on page 2, C8,9 & 10.

#### **Item C. Federal Funds Received/Receivable for...**

- Enter the same number entered on page 2, C1.

#### **Item D. Institutional Contribution for ...**

- Enter the same number entered on page 2, C2.

#### **Item E. Projected Collections for...**

1. Principal - Enter the estimated amount of principal that is expected to be collected in the next academic year.
2. Interest - Enter the estimated amount of interest that is expected to be collected in the next academic year.
3. Investment Income and Penalty Charges - Enter the estimated amount of investment income and penalty charges that is expected to be collected in the next academic year.

#### **Item F. Projected Funds Available as of ...**

- Sum of Items A, B, C, D and E.

#### **Item G. Actual Expenditures for ...**

1. Loans to Students - Enter the same number entered on page 2, D1.
2. Costs (Collection, Litigation, Credit Bureau and Other) - Sum of the amounts entered on page 2, D9-14.
3. Repayments to the Federal Government and Institution (Principal, Interest, and Other Income) - Sum of the amounts entered on page 2, D3-8.

#### **Item H. Projected Expenditures for...**

1. Loans to Students - Enter the estimated amount in loans given to students in the next academic year.



- 2. Costs (Collections, Litigation and Credit Bureau) – Enter the estimated amount spent on collections, litigations and credit bureaus in the next academic year.

**Item I. Projected Expenditures as of...**

- Sum of Items G and H.

**Item J. Projected Cash Balance as of ...**

- Difference between the totals in Item F and I

**Item K. Less Projected Expenditures for...**

- This amount is three times the amount of Item I

**Item L. Excess Cash**

- The difference between Items J and K.

**Item M. General Ledger Ending Cash Balance as of ...**

- Enter General Ledger Ending Cash Balance for the academic year.
- If worksheet Line L or M on Page 4 of the report is *equal to or less than zero*, your school does not have excess cash at this time.
- If worksheet Lines L and M on Page 4 of the report are greater than zero, the smaller amount will be selected as your excess cash and moved to Page 5, Line J.3. That is your excess cash amount.

**IF YOUR SCHOOL DID NOT DRAW DOWN FUNDS FROM PMS**

- The lesser of Lines L and M on Page 4 of the report is used to determine the Federal share of excess cash. Except for Allopathic and Osteopathic Medicine reports, the amount is automatically calculated and placed on Page 5, Line **J.3. Return this amount to the Division of Financial Operations.**

**IF YOUR SCHOOL DID DRAW DOWN FUNDS FROM PMS**

An amount equal to the amount drawn down should be returned to PMS. Except for Allopathic and Osteopathic Medicine reports, this amount is automatically entered in item J.2 on Page 5 of the report. Do not forget to adjust your PMS quarterly report to reflect this return of the Federal cash. The Federal portion of any remaining excess cash is automatically calculated (except for Allopathic and Osteopathic Medicine) and entered in item J.3 of page 5.

Excess cash for all active schools is calculated according to the formula below:

- A. Excess Cash (smaller of work sheet Line L or M) \_\_\_\_\_
- B. Federal Award for this reporting period \_\_\_\_\_
- C. Institutional Contribution for this reporting period \_\_\_\_\_
- D. Amount of excess prior to Federal Award  $A - (B + C)$  \_\_\_\_\_
- E. Federal Share of excess cash  $(D * .90)$  \_\_\_\_\_

## 4.5 Check List / Questions (Report Page 5)

### ITEM J.1 *Default Rate*

- The default rate is automatically calculated from data reported on page 6. It should be noted that if two AORs are required, then the HPSL AOR must be completed first. If an LDS AOR is then completed, the default rates from the two programs are combined and a mathematical calculation is applied to the sum totals. If the default rate for a school exceeds 5%, then the school is liable to be suspended.

**Note:** Programs with both HPSL and LDS reports will not see the combined default rate until data from both reports have been entered.

### ITEM J.2 *Excess Cash Returned to PMS (Applicable to ACTIVE programs only)*

- This amount should be the Fund receipts against the current award that were unused and returned to the Payment Management System (PMS) during this reporting period. Amounts reported in this item should be remitted directly to the PMS.

### ITEM J.3 *Excess Cash Returned to DFO (Applicable to ACTIVE programs only)*

- This amount should be any amounts of excess cash as determined by the school using the Excess Cash Work Sheet (Report Page 5) of the AOR. Amounts reported in this item should be remitted directly to the Division of Financial Operations.

### ITEM J.4 *Cash Due to Federal Government (Applicable to Closing Programs only)*

- For FCC closing programs this amount should be the Government's proportionate share of the cash balance on hand as of June 30.

### ITEM K.1 *Total Interest Past Due*

- This amount should be the calculation for total amounts of interest past due and not yet collected and includes all past due interest, not just the amounts that changed status during this reporting period.

### ITEM K.2.a *Period Of Last Biennial Audit*

- Check the appropriate boxes and enter the dates of your last biennial audit period.

### ITEM K.2.b *Date Audit Submitted To Regional Audit Agency*

- Enter the date your audit was submitted to the Regional Audit Agency. See Policy Memorandum No. 11 for further information.

WORK SHEET #2a - VERSION 1

**CALCULATION OF PRINCIPAL, INTEREST AND OTHER INCOME  
DUE FEDERAL GOVERNMENT FROM COLLECTIONS  
(Initial Recovery)**

**FOR \* FCC \* CLOSING \* PROGRAMS \* ONLY**

For use by those institutions newly in closing status and repaying the Federal Government for the first few times.

**BASE DATA NEEDED**

A. *(Cumulative from the beginning of the program):*

1. Federal Funds Received  
\$ \_\_\_\_\_
2. Institutional Contributions Deposited  
\$ \_\_\_\_\_
3. Transfers from Scholarship Fund  
\$ \_\_\_\_\_
4. Transfers to Scholarship Fund  
\$ \_\_\_\_\_
5. Interest Income Collected on Loans  
\$ \_\_\_\_\_
6. Penalty Charges Collected on Loans  
\$ \_\_\_\_\_
7. Investment Income  
\$ \_\_\_\_\_
8. Institutional Repayment of Bad Debts, Interest  
\$ \_\_\_\_\_
9. Institutional Repayment of Bad Debts, Penalty Charges  
\$ \_\_\_\_\_
10. Collection Costs, Interest  
\$ \_\_\_\_\_
11. Litigation Costs, Interest  
\$ \_\_\_\_\_
12. Credit Bureau Fees  
\$ \_\_\_\_\_
13. Other Costs  
\$ \_\_\_\_\_
14. Total Other Income Previously Repaid to the Fed. Govt.(if any)\*  
\$ \_\_\_\_\_
15. Total Interest Previously Repaid to the Fed. Govt.(if any)\*  
\$ \_\_\_\_\_

\* For example, if associated with return of excess cash while in active status.

B. *(Current period data)*

1. Cash Balance End of Period Covered By This Report  
\$ \_\_\_\_\_

Using the BASE DATA items above:

Step 1: Calculate the Federal Government's percentage contributed to the Fund:

$$\text{Federal percentage (F\%)} = (A.1 + A.3 - A.4) / (A.1 + A.2 + A.3 - A.4)$$

Step 2: Calculate the total amount due the Federal Government:

$$\text{Total Amount Due Federal Government} = \text{F\%} \times B.1$$

Step 3: Calculate the portion of the Total Amount Due Federal Government which is Other Income:

$$\text{Other Income} = [\text{F\%} \times (A.6 + A.7 + A.9)] - A.14$$

Step 4: Calculate the portion of the Total Amount Due Federal Government which should be interest:

$$\text{Interest} = [\text{F\%} \times (A.5 + A.8 - A.10 - A.11 - A.12 - A.13)] - A.15$$

Step 5: Calculate the portion of the Total Amount Due Federal Government which should be principal:

$$\text{Principal} = \text{Total Amount due Federal Government} \text{ minus Interest minus Other Income}$$

*Note: The Federal Government will always recover its proportionate share of any interest, penalty charges, and investment income collected (less its proportionate share of expenses) before any repayments are applied to principal. Once the initial interest amounts have been recovered, Work Sheet #2b, Version 2 that follows may be used to determine principal, interest, and other income repayments for each current period.*

## **WORK SHEET #2b - VERSION 2**

### **CALCULATION OF PRINCIPAL, INTEREST AND OTHER INCOME DUE FEDERAL GOVERNMENT FROM COLLECTIONS**

#### **FOR \* FCC \* CLOSING \* PROGRAMS \* ONLY**

For use by those institutions that have been in closing status for a period of time awhile and have repaid the initial bulk of interest to the Federal Government.

#### **BASE DATA NEEDED**

A. (Cumulative from the beginning of the program):

1. Federal Funds Received

\$ \_\_\_\_\_

2. Institutional Contributions Deposited

\$ \_\_\_\_\_

3. Transfers from Scholarship Fund

\$ \_\_\_\_\_

4. Transfers to Scholarship Fund

\$ \_\_\_\_\_

B. (Current period data):

1. Loan Principal Collected

\$ \_\_\_\_\_

2. Interest Income Collected on Loans

- \$ \_\_\_\_\_
3. Penalty Charges Collected on Loans  
\$ \_\_\_\_\_
4. Investment Income  
\$ \_\_\_\_\_
5. Institutional Repayments of Bad Debts, Principal  
\$ \_\_\_\_\_
6. Institutional Repayments of Bad Debts, Interest  
\$ \_\_\_\_\_
7. Institutional Repayments of Bad Debts, Penalty Charges  
\$ \_\_\_\_\_
8. Collection Costs, Principal  
\$ \_\_\_\_\_
9. Collection Costs, Interest  
\$ \_\_\_\_\_
10. Litigation Costs, Principal  
\$ \_\_\_\_\_
11. Litigation Costs, Interest  
\$ \_\_\_\_\_
12. Credit Bureau Fees  
\$ \_\_\_\_\_
13. Other Costs  
\$ \_\_\_\_\_
14. Cash Balance End of Period Covered by this Report  
\$ \_\_\_\_\_

Using the BASE DATA items above:

Step 1: Calculate the Federal Government's percentage contributed to the Fund:

$$\text{Federal percentage (F\%)} = (A.1 + A.3 - A.4) / (A.1 + A.2 + A.3 - A.4)$$

Step 2: Calculate the total amount due the Federal Government: Total Amount Due

Step 3: Calculate the portion of the Total Amount Due Federal Government which is other income:

$$\text{Other Income} = \text{F\%} \times (B.3 + B.4 + B.7)$$

Step 4: Calculate the portion of the Total Amount Due Federal Government which should be interest:

$$\text{Interest} = \text{F\%} \times (B.2 + B.6 - B.9 - B.11 - B.12 - B.13)$$

Step 5: Calculate the portion of the Total Amount Due Federal Government which should be principal:

$$\text{Principal} = \text{F\%} \times (B.1 + B.5 - B.8 - B.10)$$

**Note:** The results of Step 3, Step 4 and Step 5, when added together, should equal the result of Step 2.

## 4.6 Borrower Accounts Worksheet (Report Page 6)

In completing this section, you must use the status of all borrower accounts as of the end of this reporting period — not just the accounts that changed status during this reporting period.

The total number of borrowers reported on Page 6 should never be lower than the number on the prior year's report.

Borrowers who have renegotiated their repayment schedules are to be included in the "current" category provided they are making their renegotiated payments on time.

Any borrower whose repayment becomes more than 60 days past due must be placed on a monthly repayment schedule and assessed a penalty charge.

A borrower in default who has made sporadic payments must remain in the default category.

Even though the borrower has received more than one loan, the borrower must be counted only once in Column 1. If a borrower has more than one loan, the borrower must be categorized according to the longest overdue loan.

Regardless of which category the borrower is placed in, the school must show the dollar amounts for each loan according to the actual status of the loan. Within the same loan, if there are payments overdue in different time frames, report that loan according to the longest overdue payment.

Schools should report the TOTAL OUTSTANDING LOAN BALANCE (as defined below) in default when State law permits them to enforce the acceleration clause in a BHP-approved promissory note and demand for the entire balance has been made. If some of the borrower's promissory notes contain an acceleration clause, and some do not, determine the past due under each type of promissory note separately and report the sum of those amounts as determined from the individual notes.

TOTAL OUTSTANDING LOAN BALANCE equals the sum of the borrower's original amounts of all loans (Column 2) minus any amounts that have been repaid (Column 3) and minus any amounts that have been cancelled for employment/professional practice (Column 4).

### Columns: Number Description of Required Information

1. Number of Borrowers Under this program - The number of borrowers who received loans.
2. PRINCIPAL LOANED - The dollar amount of loan principal disbursed.
3. PRINCIPAL REPAYED - The dollar amount of loan principal repaid.
4. PRINCIPAL CANCELLED FOR EMPLOYMENT/PROFESSIONAL PRACTICE - The dollar amount of loan principal cancelled for employment.

**Note:** *Applies to Nursing Set Aside Program Loans incurred prior to September 29, 1979; and for those borrowers whose health professions loans for the study of medicine, dentistry, osteopathy, or optometry were incurred prior to November 19, 1971. **Loan cancellation to borrowers in professional practice and nursing employment is no longer permitted.** The cumulative numbers remain as historical data of loan cancellations granted when they were permitted.*

5. PRINCIPAL CANCELLED FOR DEATH/DISABILITY - The dollar amount of loan principal cancelled due to the death or permanent and total disability of the borrower.
6. PRINCIPAL DELINQUENT - The dollar amount of loan principal that is in default. Include only the amount of those payments that are in default.
7. PRINCIPAL UNCOLLECTIBLE NOT PAST DUE - The dollar amount of loan principal not past due which the school has determined to be uncollectible after exercising due diligence in the collection of loans. DO NOT duplicate any of these

amounts in column 8.

8. **PRINCIPAL OUTSTANDING BUT NOT DUE** - The dollar amount of loan principal outstanding but not yet due according to the original or renegotiated repayment schedule. DO NOT duplicate any of these amounts in column 7.

9. **PRINCIPAL WRITTEN OFF** - The dollar amount of loan principal which has been written off pursuant to receiving written authorization, plus the dollar amount reflected in institutional write-off of loans under \$3000.00 with due diligence, minus any subsequent collections received from a borrower whose loan was approved for write off.

10. **CAPITALIZED INTEREST** — Report capitalized interest for any borrower defaulting on the primary care loan service obligation. This figure represents the recalculation of the interest on the loan back to date of disbursement and should not be decreased by amounts paid against the interest capitalized. (This figure should also be included in columns 3 through 8 as appropriate.) Interest that is capitalized is considered loan principal; therefore, edit checks will verify that the sum of column 2 and 10 equal the sum of columns 3 through 9

Report the following information in the columns (described on previous page) as they apply:

**Rows:**

**Description of Required Information**

1.A

Report the information pertaining to borrowers who have fully retired their loans through cash repayments and/or through cancellation for eligible employment/professional practice.

1.B

Report the information pertaining to loans that have been fully retired due to death of the borrower.

1.C

Report the information pertaining to borrowers whose loans have been fully retired due to total disability.

1.D

Report the information pertaining to borrowers who have fully retired their loans through discharge in bankruptcy and have not received write off approval.

1.E

Report the information *pertaining* to borrowers whose loans have been fully retired due to DHHS approved write-off.

1.F

Report the information pertaining to borrowers whose loans have been fully retired in accordance with P.L. 100-607. A school should remove from its default category loans that become uncollectible before August 1, 1985 for HPSL schools, and loans that become uncollectible before January 1, 1983 for NSL schools. These loans are to be included in the fully retired category when a school calculates its default rate.

2.A

Report the information pertaining to borrowers who are currently in student status working towards the degree for which they obtained their loans.

2.B

Report the information pertaining to borrowers who are currently in the grace period due to termination or completion of the course of study for which they obtained their loans.

2.C

Report the information pertaining to borrowers who are currently in eligible deferment periods as specified on applicable HPSL, PCL, LDS, and NSL Promissory Notes.

2.D

Report-the information pertaining to borrowers who are currently engaged in employment which qualifies them for cancellation, who have filed a Request for Postponement of Installment Payment, and who are not past due on any

payment.

2.E

Report the information pertaining to borrowers who are making payments in accordance with their repayment schedules.

2.F

Report the information pertaining to borrowers who have installments past due for up to 119 days.

**Rows:**

**Description of Required Information**

3.A

Report the information pertaining to borrowers who are currently making payments under a wage-earner's agreement (Chapter 13 proceedings).

4.A

Report the information pertaining to borrowers who are in default in their repayments for 120 days or over

5.A

Report the information pertaining to borrowers who are currently in Forbearance. See the Student Financial Aid Guidelines, October 1980, Section 116.2 (HPSL) or Section 216.2 (NSL) for more information.

Total Summarize the information on ALL ACCOUNTS of ALL BORROWERS who have ever received loan Funds through the HPSL, PCL, LDS or NSL programs.

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