

Compliance in Higher Education Collections Where Are the Pitfalls?

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Today's Presenter

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David R. Glezerman is assistant vice president and bursar at Temple University, where he has been employed since 1986. Employed in higher education receivables management for 32 years, Glezerman is a co-author of *Managing and Collecting Student Accounts and Loans: A Desk Reference for Educational Receivables Stewardship*, published by the National Association of College and University Business Officers (NACUBO). A certified instructor for ACA International, Glezerman is a past recipient of ACA's Member of the Year and Charles F. Lindemann Instructor of the Year awards and is designated as a Master Credit Executive (MCE).

Glezerman also has written many articles for and has been referenced by numerous collections and higher education industry publications for his views on higher education receivables.

Federal Student Loans: Laws and Regulations

- Higher Education Act of 1965 (P.L. 89-329)
 - http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ315.110
- Higher Education Opportunity Act (HEOA) (P.L. 110-315)
 - <http://www2.ed.gov/policy/highered/leg/hea08/index.html>

Federal Student Loans: Laws and Regulations

- HEA Title IV
 - Deals with Federal Financial Aid, including loans
 - Part B: Federal Family Education Loans (FFEL)
 - Part D: Federal Direct Student Loans
 - Part E: Perkins Student Loans

Federal Student Loans: Code of Federal Regulations (CFR)

- Federal Family Education Loans:
 - Part 682
- Federal Direct Student Loans:
 - Part 685
- Perkins Student Loans
 - Part 674
- General Provisions
 - Part 668

Other Federal Laws

- Federal Educational Rights and Privacy Act (FERPA)
 - Also known as “Buckley Amendment”
 - Restricts available information without student’s permission
 - Certain loan data is available to third parties directly from lender

FERPA

- Additional information is available at:
 - <http://www2.ed.gov/policy/gen/guid/fpco/ferpa/index.html>
- Citations: Code of Federal Regulations
 - (34CFR, Part 99)

Applicability of Other Federal Laws

- Fair Debt Collection Practices Act (FDCPA)
- Fair Credit Reporting Act (FCRA)
- Gramm/Leach/Bliley Act (GLBA)
- Federal Information Security Management Act (FISMA)

FDCPA

- First parties will be more familiar with FERPA requirements.
- Some first party collectors do comply with FDCPA requirements.
- Many first parties are unaware about potential liabilities.

FCRA

- All federal student loans' status must be reported to national credit bureaus.
- Disputes not always communicated between lender and agency.
- Can't automatically clean credit.

GLBA

- Pertains to privacy of records with lenders and financial institutions.
- At colleges and universities, pertains to data security.

FISMA

- Oversight by National Institute of Standards and Technology (NIST).
- Establishes a level of security due diligence for federal agencies and contractors
- Annual reviews of information security programs to minimize risks.
- <http://crsc.nist.gov/groups/SMA/fisma/index.html>

Audit Requirements

- Servicers/collection agency working with U.S. Department of Education Title IV funds are required to complete an annual “attestation” audit.
- Information available at:
 - http://www2.ed.gov/about/offices/list/oig/nonfed/lender_servicerauditguidejanuary2011.pdf

Private and Institutional Loans

- Generally, follow federal and state consumer lending requirements for lending.
- HEOA sets certain requirements for private student loans.
- Institutional loans usually governed by school policies.
- Consumer Finance Protection Board (CFPB) jurisdiction.

Issue: Consumer Rights

- Lack of understanding about rights and responsibilities.
 - Different programs, lenders, terms
 - General lack of literacy

Issue: Consumer Rights

- Credit scores/ratings
 - Fallacy:
 - Paying delinquent account = clean credit
 - Timing
 - Negotiability
 - “Goodwill adjustments”

Issue: Consumer Rights

- Consumer attorneys/credit clinics creating false expectations.
 - FDCPA-related threats and litigation
 - Dispute filings related to credit reports
 - Bankruptcy filings

Save Yourself

- Understand Laws and Regulations
- Compliance
- What to Do When Violations are Alleged
- Client/Agency Coordination and Cooperation

Notes to Notice

- Short chat session to follow today's webinar.
- Questions:
 - Email to david@thedrggroup.com