

Reducing the Financial Burden on Students

Flat-Rate Consolidation

A New & Innovative Service Offering from ACSI

Student borrowers who default on their Perkins loans are likely experiencing financial difficulty. The most common method for resolving the loans owed by these former students is to consolidate their Perkins loans with other federal loans into one consolidated loan. This process capitalizes the outstanding principal, interest, and collection costs into a new loan principal. Student borrowers then incur interest on the new loan principal balance. This approach is often the most viable solution for students to resolve a default situation as well.

Unfortunately, many former students are incurring excessive collection costs to consolidate their Perkins loans because approximately 25% in collection contingency fees are added to each loan balance to pay for collection agency services. In addition, the industry standard for compensating collection agencies is to pay them the same contingency fee regardless of whether student borrowers resolve their Perkins loans via cash payments or consolidation.

Given that the average balance of Perkins loans range from \$2,500 to \$3,000, the higher collection fees allowed for consolidating Perkins loans are costing former students more than \$500 and as much as \$750 to consolidate each Perkins loan. This does not include the accrued interest paid when the loans are capitalized.

While collection agencies are required to perform a minimum number of tasks to consolidate loans, including skiptracing, sending letters and making phone calls, communicating with student borrowers throughout the process, and facilitating the loan consolidations, they receive more compensation for consolidating Perkins loans than other federal loans even though the same level of effort is required to perform the consolidation process.

To help reduce the financial burden on students, ACSI is offering a new flat-fee service through which we will facilitate the consolidation of Perkins loans for a flat-rate fee of \$299 for first placements and \$349 for second placements. This service incorporates all of the collection activities normally performed to consolidate federal loans and is fully compliant with all federal rules and regulations that apply to student debt collections and loan consolidation. In addition, ACSI will assist higher education institutions in reducing their COHORT default rates by consolidating COHORT student borrowers for a flat rate fee of \$249.

Our flat-rate service will only be paid on loans that are successfully consolidated. More importantly, the savings can be passed on to student borrowers.



ACSI Gives You a Performance Edge - Our professional staff, comprehensive security, culture of service, effective resolution tactics, and enterprise-wide quality measures yield proven results that deliver a performance edge to improve your bottom line.

*ACSI has more than 24 years of experience in the recovery of defaulted federal student loans. Please contact Vince Duffy, Vice President of Sales, at **251-751-1004** or Jack Abernathy, Director of Business Development, at **615-361-8809** for more information on ACSI's Flat-Rate Perkins Loan Consolidation Service.*