

**30548**

**ADOPTED - BOARD OF TRUSTEES COMMUNITY  
COLLEGE DISTRICT NO. 508  
SEPTEMBER 8, 2010**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508  
COUNTY OF COOK AND STATE OF ILLINOIS**

**RESOLUTION  
AUTHORIZING PAYMENT OF FEDERAL PERKINS LOAN  
(NATIONAL DIRECT STUDENT LOANS)**

**WHEREAS**, the District has participated in the Federal Perkins Loan Program (Program) offered by the U.S. Department of Education (DOE) since 1969. The Program is a need based program offered to students to help finance the costs of postsecondary education;

**WHEREAS**, the District, in compliance with the DOE, must continue to provide billing and collection services to borrowers with outstanding Federal Perkins Loan balances;

**WHEREAS**, the District has been administering the outstanding Federal Perkins Loan balances with an estimated total including principal and interest, of \$840,000 for the six campuses - Richard J. Daley, Harold Washington, Kennedy King, Malcolm X College, Olive Harvey, and Harry S. Truman;

**WHEREAS**, collection from these loans has been minimal, with less than 1% collected on the outstanding loan amount;

**WHEREAS**, under the provisions of this Program, schools may assign and/or purchase the outstanding loans and the DOE requires that for all loans accepted for assignment, the school must submit the promissory note signed by the borrower to the DOE;

**WHEREAS**, based on the review by the District's Finance Office, it was determined that approximately \$292,000 of the outstanding loans have promissory notes on file and therefore can be assigned back to the DOE and by accepting the assignment, the DOE acquires all rights, title and interest in the loan;

**WHEREAS**, based on the review by the District's Finance Office, it was further determined that approximately \$548,000 of the outstanding loans do not have promissory notes on file and therefore cannot be assigned to the DOE, but can be purchased by the District; and

**WHEREAS**, to avoid accumulating further interest on the outstanding loan balance of \$548,000 and incurring administrative costs in administering these defaulted loans, the District's Finance Office advises that this amount should be paid off in its entirety, with completion of the close out process and payment made to DOE. The District will assume all outstanding Federal Perkins loans purchased from the DOE as receivables and these loans will be written off for fiscal year 2010. Subsequently, these loans will be submitted to the collection agency used by the District to attempt further collection.

**NOW, THEREFORE BE IT RESOLVED** that the Board of Trustees of Community College District No. 508, County of Cook and State of Illinois, hereby approves the close-out of these accounts and the payment to DOE, Perkins Loan Program for a total amount estimated at \$548,000.

**Financial:** \$548,000 Education Fund 00003-Various Colleges – 00089-00000-0000000-594100

**September 8, 2010 – Office of Finance**