United States Department of Education
Federal Student Aid

Electronic Perkins Note Supporting Documentation

Pennsylvania State University

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Document Revision History

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1.0	March 19, 2002	Anita Thekdi	Initial draft created
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1.2			
1.3			

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Executive Summary

This document contains supporting documentation for the Electronic Perkins Promissory Note (Perkins eNote). FSA will be offering this electronic Perkins Promissory Note to schools for use within their financial aid process. The Perkins eNote was developed based on requirements from FSA and Pennsylvania State University, an electronic Perkins Promissory Note pilot school. The electronic Perkins Note will allow borrowers to complete and electronically sign their promissory notes using a web browser. FSA will assist schools that are willing to offer a web-based Perkins process to their borrowers. FSA's assistance includes the development of an electronic Perkins note and community liaison for the success of a pilot program. The COHEAO (Coalition of Higher Education Assistance Organization) spearheaded and supported the Perkins eNote effort with FSA and schools.

1 Introduction

Background

The FSA CIO Office of Innovations is continuing efforts to provide customers with electronic options to traditionally paper-based transactions and business processes. The CIO Office of Innovations has been recognized for its efforts in advancing the use of electronic business processes and offering alternatives to paper-based transactions. Among the various successes, FSA has established an electronic signature capability available to its users and customers, and has implemented the E-Sign capability for both the Electronic Master Promissory Note (eMPN) as well as the Free Application for Federal Student Aid (FAFSA). FSA has also issued standards for the use of electronic signatures for its customers. The provision of an electronic means of conducting business, as an alternative to paper-based processes, can effectively reduce unit cost, increase customer satisfaction, and help achieve compliance with the legislative mandates of the E-SIGN Act and GPEA. A recent effort to examine other possible FSA business processes that can leverage the E-Sign capability has identified additional areas for investigation, including support to schools for developing an electronic process for the Federal Perkins Promissory Note.

There are four types of Perkins Notes. These are:

1. Open End Perkins Loan Promissory Note
2. Open End NDSL (National Direct Student Loan) Promissory Note
3. Closed End Perkins Loan Promissory Note
4. Closed End NDSL Promissory Note

Organization of this Document

The following information outlines the organization of this document:

- **Executive Summary**
- **Section 1¾ Introduction** provides an overview of the Perkins eNote.
- **Section 2¾ Layout** provides a visual layout of the Perkins eNote (both open and closed ended)
- **Section 3¾ Content** provides a list of editable and non-editable content on the Perkins eNote
- **Section 4¾ Data Fields** provides a list of the data fields provided on the Perkins eNotes
- **Section 5¾ PDF Generation** provides recommended methods of dynamically generating PDF versions of the eNotes if the school wishes to do so.
- **Section 6¾ Access** provides information on how schools can access the Perkins eNotes
- **Appendix A¾** Screen Shots of Perkins eNotes

2 Layout

This section contains a visual layout and explanation of the Closed and Open End Perkins eNotes. Appendix A contains screen shots of each of the four Perkins eNotes.

The Layout of the Closed End Perkins and NDSL eNotes is as follows (text in purple is either a textbox or radio button and is able to be pre-populated by the school):

TITLE OF PROMISSORY NOTE OMB Version Number & Expiration Date

Section A:				
lastname	firstname	initial	ssnum	
street1			dob	
street2			telephone	
city	state	zip	driverslicense	
Section B:				
schoolname			borrowerstatus	5%
schoolstreet1				
schoolstreet2			loanamount	Loanperiod
schoolcity	schoolstate	schoolzip		

TERMS AND CONDITIONS:
All Terms and Conditions from Page 1 of the paper document will be displayed here.

eSign Section: Electronically Sign Perkins eNote
This section will contain message asking the borrower to review terms and conditions prior to signing the eNote. An "eSign" button will follow along with any additional information added by the school.

eSign Perkins Note

TERMS AND CONDITIONS (continued):
The remaining Terms and Conditions (from pages 2-3 of the paper document), as well as Information Notices on page 4 of the paper document (such as the Privacy Act Notice) will appear here.

The Layout of the Open End Perkins and NDSL eNotes is as follows (text in purple is either a textbox or a radio button and able to be pre-populated by the school):

TITLE OF PROMISSORY NOTE

OMB Version Number & Expiration Date

Section A:			
lastname	firstname	initial	ssnum
street1			dob
street2			telephone
city	state	zip	driverslicense

Section B:				
schoolname			borrowerstatus	5%
schoolstreet1				
schoolstreet2			loanamount	loanperiod
schoolcity	schoolstate	schoolzip		

Loan Amount	Loan Period	Date Signed	Borrower's Name
loanamount1	loanperiod1	datesigned1	borrowername1
loanamount2	loanperiod2	datesigned2	borrowername2
loanamount3	loanperiod3	datesigned3	borrowername3
loanamount4	loanperiod4	datesigned4	borrowername4
loanamount5	loanperiod5	datesigned5	borrowername5
loanamount6	loanperiod6	datesigned6	borrowername6

TERMS AND CONDITIONS:
All Terms and Conditions from Page 1 of the paper document will be displayed here.

eSign Section: Electronically Sign Perkins eNote
This section will contain message asking the borrower to review terms and conditions prior to signing the eNote. An "eSign" button will follow along with any additional information added by the school.

eSign Perkins Note

TERMS AND CONDITIONS (continued):
The remaining Terms and Conditions (from pages 2-3 of the paper document), as well as Information Notices on page 4 of the paper document (such as the Privacy Act Notice) will appear here.

3 Content

The following text contains the implementation guidelines for the paper Perkins promissory notes. This text has been interpreted for the eNotes in the "can" and "cannot" sections below:

> **Format and Content**
> The newly revised promissory notes are legally valid documents with an OMB document number and expiration date. The new promissory notes are authorized for use through October 31, 2004. No changes to, deletions from, or additions to the prescribed language are permitted except that bracketed text may be deleted at the option of the institution. Of course, information (name, address, and telephone number) identifying the school may be printed in Section B, Item 6. Appropriate coding is also permitted (for example, bar coding to reflect the source, type, or other identification system for filing or processing) in this area. Additional bar coding is permitted in the side or bottom margins to meet requirements for individual processing systems. These coding identifiers may not be printed on the promissory notes in a way that would alter the general layout of the note. Schools may also print in the lower margin of the promissory note a reference to the type: for example, original, student copy, file copy.
>
> **Printing Instructions**
> The enclosed documents must be printed with black ink on white paper. The typeface, point size, and general presentation of the form may not be changed from the enclosed documents approved by ED. However, a school's identifying information located in Section B, Item 6 may be printed in another color to make the school's name and address more pronounced.

The following areas on the eNote CAN be edited by the schools:

1. Text in ***Section A, Section B*** and for the open end notes, the area below ***Section B*** are able to be pre-populated and/or rendered uneditable by the school. Currently, all of these fields are displayed in the form of textboxes. Field number 7 (Borrower Status) is displayed as radio buttons. The school is allowed to render all of these fields uneditable and to change them from textboxes/radio buttons to plain html text displayed on the page.
2. In the ***Terms and Conditions*** section, [bracketed] clauses or paragraphs may be included at option of the school.
3. The ***eSign Section*** (containing the eSign button) may be altered to fit the school's eSignature capabilities and for the school to add any disclaimers, information, etc., pertaining to "eSigning" the Perkins Notes.
4. The ***eSign Section*** may also be moved to a different location on the page in order to fit the school's eSignature process.
5. The school may add additional buttons at the bottom of the page or in the ***eSign Section*** to facilitate printing, viewing and saving the Perkins eNote by the borrower.

The following areas on the eNote CANNOT be edited by the schools:

1. The Layout of ***Section A*** and ***Section B*** may not be altered
2. On Open End Notes, the layout of the area below ***Section B*** may not be altered
3. Except as stated above, the ***Terms and Conditions*** sections may not be altered
4. The font, font size, colors of the page (except in the ***eSign Section*** of the page) may not be altered.
5. The text on the page cannot be changed (with the exception of bracketed text mentioned above)

4 Data Fields

The following data fields appear on the screen on all eNotes:

	Field Number	Field Name	Field Description	Field Type
Section A - Borrower Section	1	lastname	Last Name	Textbox
		firstname	First Name	Textbox
		initial	Middle Initial	Textbox
		street1	Street 1	Textbox
		street2	Street 2	Textbox
		city	City	Textbox
		state	State	Textbox
		zip	Zip Code	Textbox
	2	ssnum	Social Security Number	Textbox
	3	dob	Date of Birth	Textbox
	4	telephone	Area Code and Telephone Number	Textbox
	5	driverslicense	Driver's License Number	Textbox
Section B - School Section	6	schoolname	School Name	Textbox
		schoolstreet1	School Street 1	Textbox
		schoolstreet2	School Street 2	Textbox
		schoolcity	School City	Textbox
		schoolstate	School State	Textbox
		schoolzip	School Zip Code	Textbox
	7	borrowerstatus	Borrower Status	Radio Buttons
	8		Annual Interest Rate	Display
	9	loanamount	Loan Amount	Textbox
	10	loanperiod	Loan Period	Textbox

Additionally, the following data fields appear on the screen on all Open End eNotes:

	Field Number	Field Name	Field Description	Field Type
On Open End Notes Only		loanamount1	Loan Amount 1	Textbox
		loanperiod1	Loan Period 1	Textbox
		datesigned1	Date Signed 1	Textbox
		borrowername1	Borrower's Signature 1	Textbox
		loanamount2	Loan Amount 2	Textbox
		loanperiod2	Loan Period 2	Textbox
		datesigned2	Date Signed 2	Textbox
		borrowername2	Borrower's Signature 2	Textbox
		loanamount3	Loan Amount 3	Textbox
		loanperiod3	Loan Period 3	Textbox
		datesigned3	Date Signed 3	Textbox
		borrowername3	Borrower's Signature 3	Textbox
		loanamount4	Loan Amount 4	Textbox
		loanperiod4	Loan Period 4	Textbox
		datesigned4	Date Signed 4	Textbox
		borrowername4	Borrower's Signature 4	Textbox
		loanamount5	Loan Amount 5	Textbox
		loanperiod5	Loan Period 5	Textbox
		datesigned5	Date Signed 5	Textbox
		borrowername5	Borrower's Signature 5	Textbox
		loanamount6	Loan Amount 6	Textbox
		loanperiod6	Loan Period 6	Textbox
		datesigned6	Date Signed 6	Textbox
		borrowername6	Borrower's Signature 6	Textbox

5 PDF Generation

FSA and the Modernization Partner have recommended a way to generate a PDF version of the filled out Promissory Note that is viewable, savable, and printable by the borrower through their browser window. The recommended way to achieve this is to dynamically populate an existing PDF Form and output it to the user as a PDF version of their promissory note. The suggested routes for this are as follows:

1. ActivePDF --- http://www.activepdf.com/en/Products/Toolkit/Start.asp
   - ActivePDF Toolkit can be used with ColdFusion and Active Server Pages

2. Adobe FDF Toolkit --- http://partners.adobe.com/asn/developer/acrosdk/forms.html
   - Toolkits exist for Java, C/C++, Perl and ActiveX

Suggested Option for Penn State: ActivePDF Toolkit
The solution is described in the attached recommendation document.

"PDF ENote Technica
Recommendation.doc

Technical Requirements for this option can be found at http://www.activePDF.com

PDF Forms:
If the school chooses to use the recommended method of PDF generation requiring forms, it is suggested that they use the FSA approved forms that correspond to the Perkins eNotes. These forms and separate form data files can be found at the same website as the Perkins eNotes (see Section 6) and are called:

1. OpenEndPerkins_Form.pdf (PDF Format)
2. OpenEndPerkins_Form.fdf (Form Data Format)
3. OpenEndNDSL_Form.pdf (PDF Format)
4. OpenEndNDSL_Form.fdf (Form Data Format)
5. ClosedEndPerkins_Form.pdf (PDF Format)
6. ClosedEndPerkins_Form.fdf (Form Data Format)
7. ClosedEndNDSL_Form.pdf (PDF Format)
8. ClosedEndNDSL_Form.fdf (Form Data Format)

Each of the data fields in Sections A, B and in the open end section on these forms corresponds to the data fields on the HTML Perkins eNote. The “Signature” is merely a concatenation of the borrower’s First Name, Middle Initial and Last Name. The “Date” should be populated with the day that the borrower eSigned their promissory note.

It is also strongly recommended that the PDF version of the Perkins eNote contain some form of Transaction History of the user’s Perkins eSigning experience.

6 Access

All information related to Federal Perkins Notes, including the paper and electronic versions of the Promissory Note, the Perkins eNotes and PDF Forms can be found at the following website:

http://ifap.ed.gov/IFAPWebApp/topicListPag.jsp?p1=Federal+Perkins+Loan+Program&p2=Promissory+Note

Information posted on this site will include:

1. This document (Perkins eNote Supporting Documentation)
2. Perkins eNote PDF Forms
3. Perkins eNote Templates (Browser v.3 Compatible)
4. Perkins eNote Templates (With Cascading Style Sheets – Browser v.4+ Compatible)

Appendix A: Perkins eNote Screen Shots

Screen shots of the following Perkins eNotes appear on the following pages:

- Open End Perkins Promissory Note
- Closed End National Direct Student Loan (NDSL) Promissory Note

The Open End NDSL Note and Closed End Perkins Note have not been pictured because they appear the same as the other open and closed end notes.

Open End Perkins Promissory Note (Image 1)

Image 1.A -- Open End Perkins Promissory Note

Image 1.A displays the Promissory Note title, the OMB Number and expiration date, as well as Sections A and B, and the first of six text fields for the open end Promissory note.

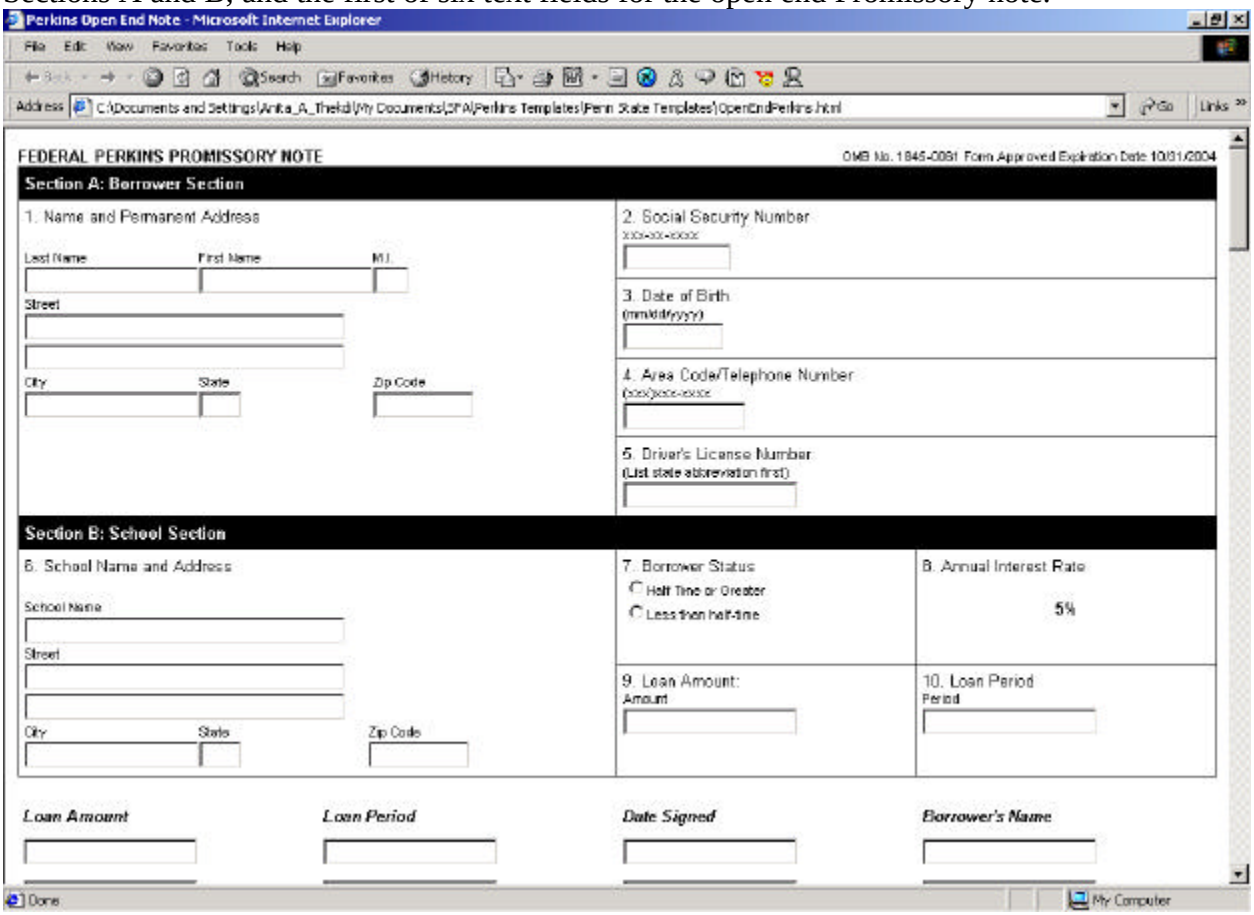


Image 1.B -- Open End Perkins Promissory Note

Image 1.B displays the six text fields for the open end Promissory note as well as the beginning of the Terms and Conditions.

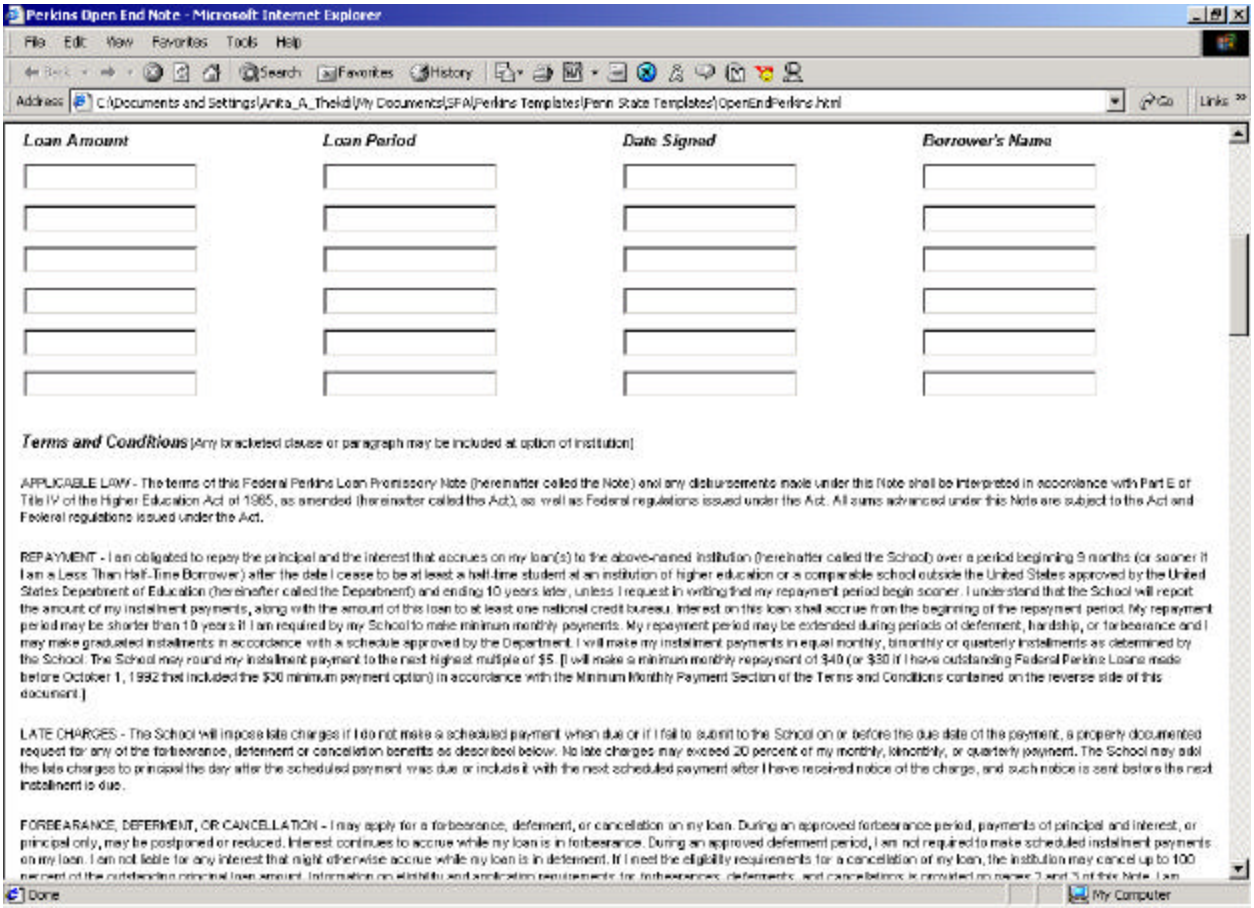
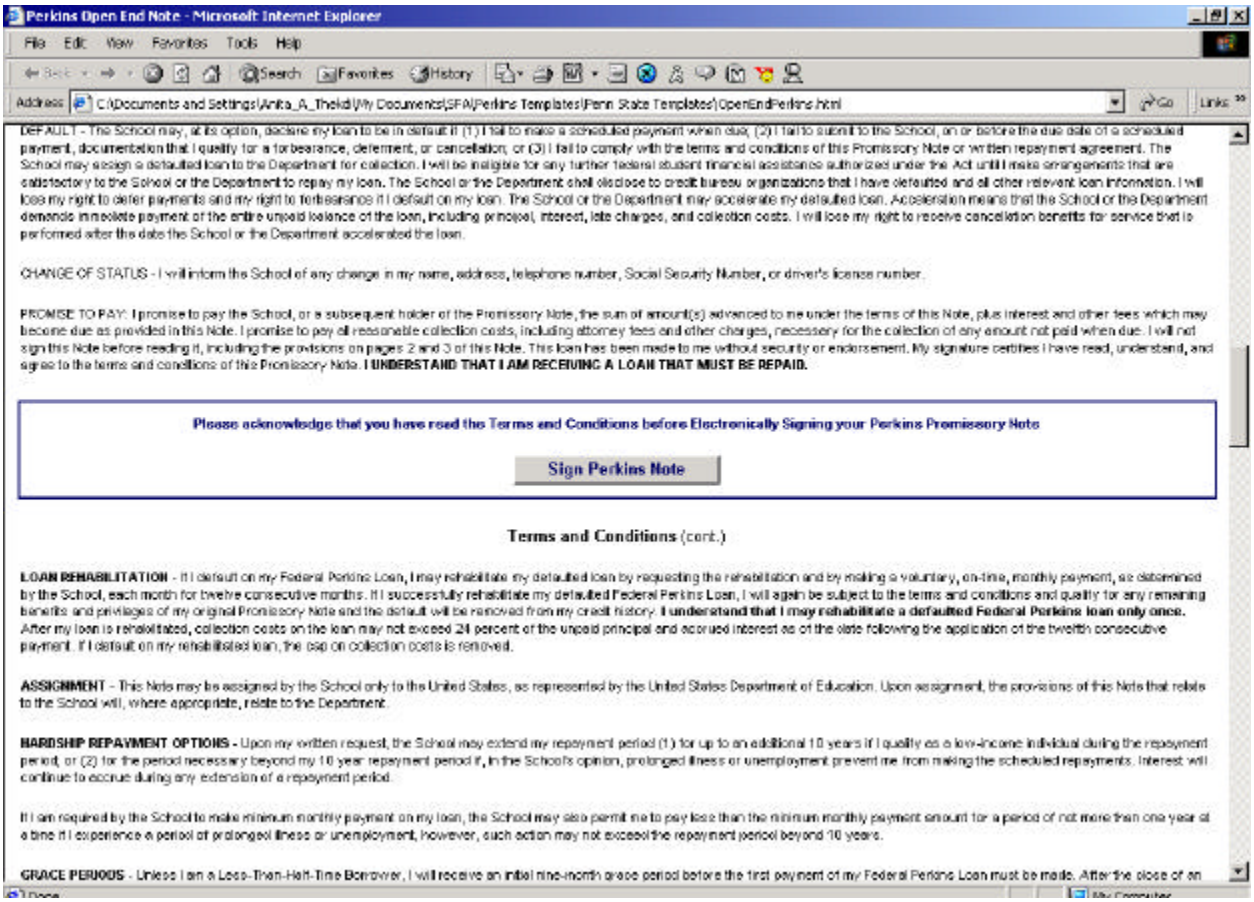


Image 1.C -- Open End Perkins Promissory Note

Image 1.C displays more Terms and Conditions as well as the eSign Section of the Perkins eNote.



Perkins Open End Note - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address C:\Documents and Settings\Anita_A_Thekdi\My Documents\SFA\Perkins Templates\Penn State Templates\OpenEndPerkins.html

DEFAULT - The School may, at its option, declare my loan to be in default if (1) I fail to make a scheduled payment when due; (2) I fail to submit to the School, on or before the due date of a scheduled payment, documentation that I qualify for a forbearance, deferment, or cancellation; or (3) I fail to comply with the terms and conditions of this Promissory Note or written repayment agreement. The School may assign a defaulted loan to the Department for collection. I will be ineligible for any further federal student financial assistance authorized under the Act until I make arrangements that are satisfactory to the School or the Department to repay my loan. The School or the Department shall disclose to credit bureau organizations that I have defaulted and all other relevant loan information. I will lose my right to defer payments and my right to forbearance if I default on my loan. The School or the Department may accelerate my defaulted loan. Acceleration means that the School or the Department demands immediate payment of the entire unpaid balance of the loan, including principal, interest, late charges, and collection costs. I will lose my right to receive cancellation benefits for service that is performed after the date the School or the Department accelerated the loan.

CHANGE OF STATUS - I will inform the School of any change in my name, address, telephone number, Social Security Number, or driver's license number.

PROMISE TO PAY: I promise to pay the School, or a subsequent holder of the Promissory Note, the sum of amount(s) advanced to me under the terms of this Note, plus interest and other fees which may become due as provided in this Note. I promise to pay all reasonable collection costs, including attorney fees and other charges, necessary for the collection of any amount not paid when due. I will not sign this Note before reading it, including the provisions on pages 2 and 3 of this Note. This loan has been made to me without security or endorsement. My signature certifies I have read, understand, and agree to the terms and conditions of this Promissory Note. **I UNDERSTAND THAT I AM RECEIVING A LOAN THAT MUST BE REPAID.**

Please acknowledge that you have read the Terms and Conditions before Electronically Signing your Perkins Promissory Note

Sign Perkins Note

Terms and Conditions (cont.)

LOAN REHABILITATION - If I default on my Federal Perkins Loan, I may rehabilitate my defaulted loan by requesting the rehabilitation and by making a voluntary, on-time, monthly payment, as determined by the School, each month for twelve consecutive months. If I successfully rehabilitate my defaulted Federal Perkins Loan, I will again be subject to the terms and conditions and qualify for any remaining benefits and privileges of my original Promissory Note and the default will be removed from my credit history. **I understand that I may rehabilitate a defaulted Federal Perkins loan only once.** After my loan is rehabilitated, collection costs on the loan may not exceed 24 percent of the unpaid principal and accrued interest as of the date following the application of the twelfth consecutive payment. If I default on my rehabilitated loan, the cap on collection costs is removed.

ASSIGNMENT - This Note may be assigned by the School only to the United States, as represented by the United States Department of Education. Upon assignment, the provisions of this Note that relate to the School will, where appropriate, relate to the Department.

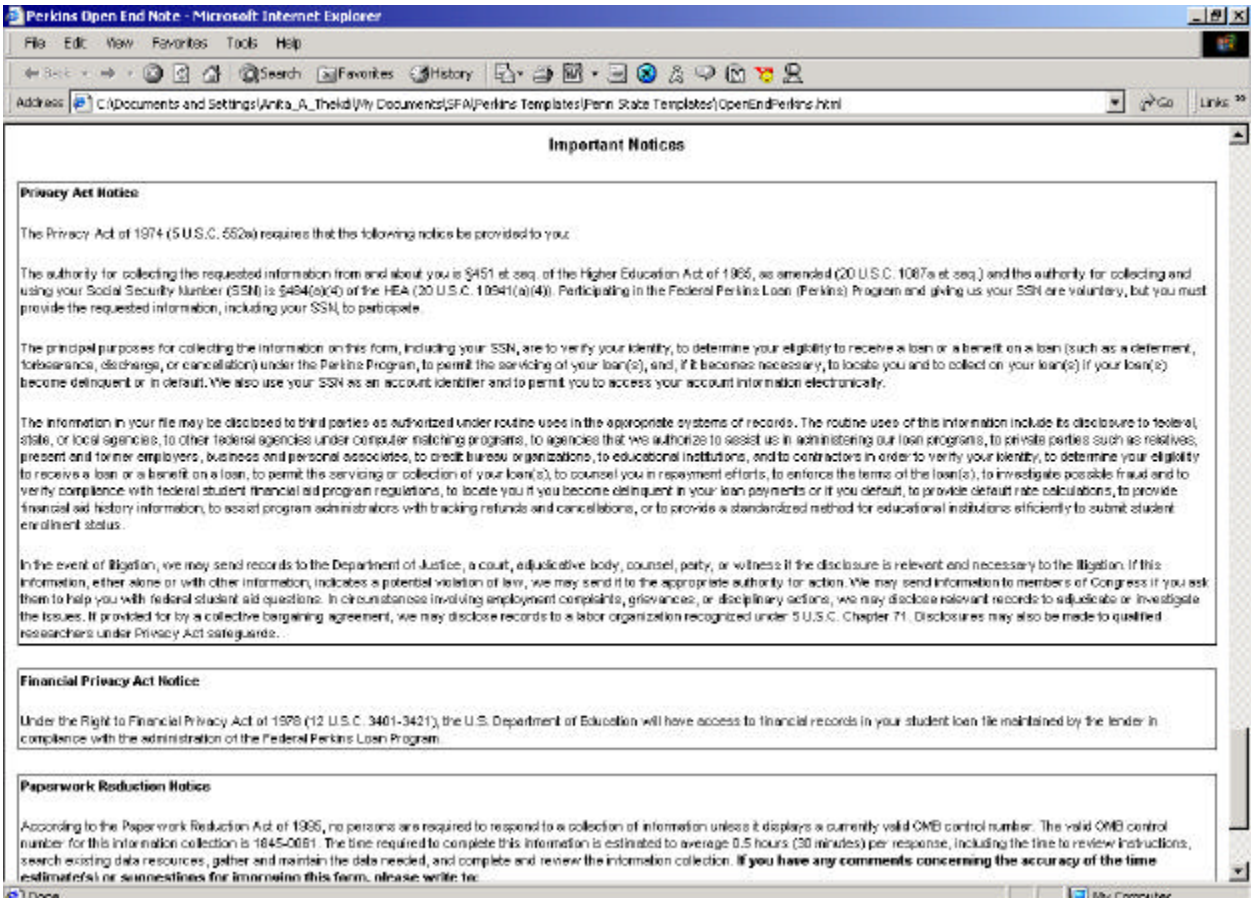
HARDSHIP REPAYMENT OPTIONS - Upon my written request, the School may extend my repayment period (1) for up to an additional 10 years if I qualify as a low-income individual during the repayment period, or (2) for the period necessary beyond my 10 year repayment period if, in the School's opinion, prolonged illness or unemployment prevent me from making the scheduled repayments. Interest will continue to accrue during any extension of a repayment period.

If I am required by the School to make minimum monthly payment on my loan, the School may also permit me to pay less than the minimum monthly payment amount for a period of not more than one year at a time if I experience a period of prolonged illness or unemployment, however, such action may not exceed the repayment period beyond 10 years.

GRACE PERIODS - Unless I am a Less-Than-Half-Time Borrower, I will receive an initial nine-month grace period before the first payment of my Federal Perkins Loan must be made. After the close of an

Image 1.D -- Open End Perkins Promissory Note

Image 1.D displays the Important Notice section that is displayed after the rest of the remaining Terms and Conditions (not displayed).



Perkins Open End Note - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address C:\Documents and Settings\Anita_A_Thekdi\My Documents\SFA\Perkins Templates\Penn State Templates\OpenEndPerkins.html

Important Notices

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 et seq. of the Higher Education Act of 1965, as amended (20 U.S.C. 1087a et seq.) and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)). Participating in the Federal Perkins Loan (Perkins) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or cancellation) under the Perkins Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to agencies that we authorize to assist us in administering our loan programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational institutions, and to contractors in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to counsel you in repayment efforts, to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, to provide default rate calculations, to provide financial aid history information, to assist program administrators with tracking refunds and cancellations, or to provide a standardized method for educational institutions efficiently to submit student enrollment status.

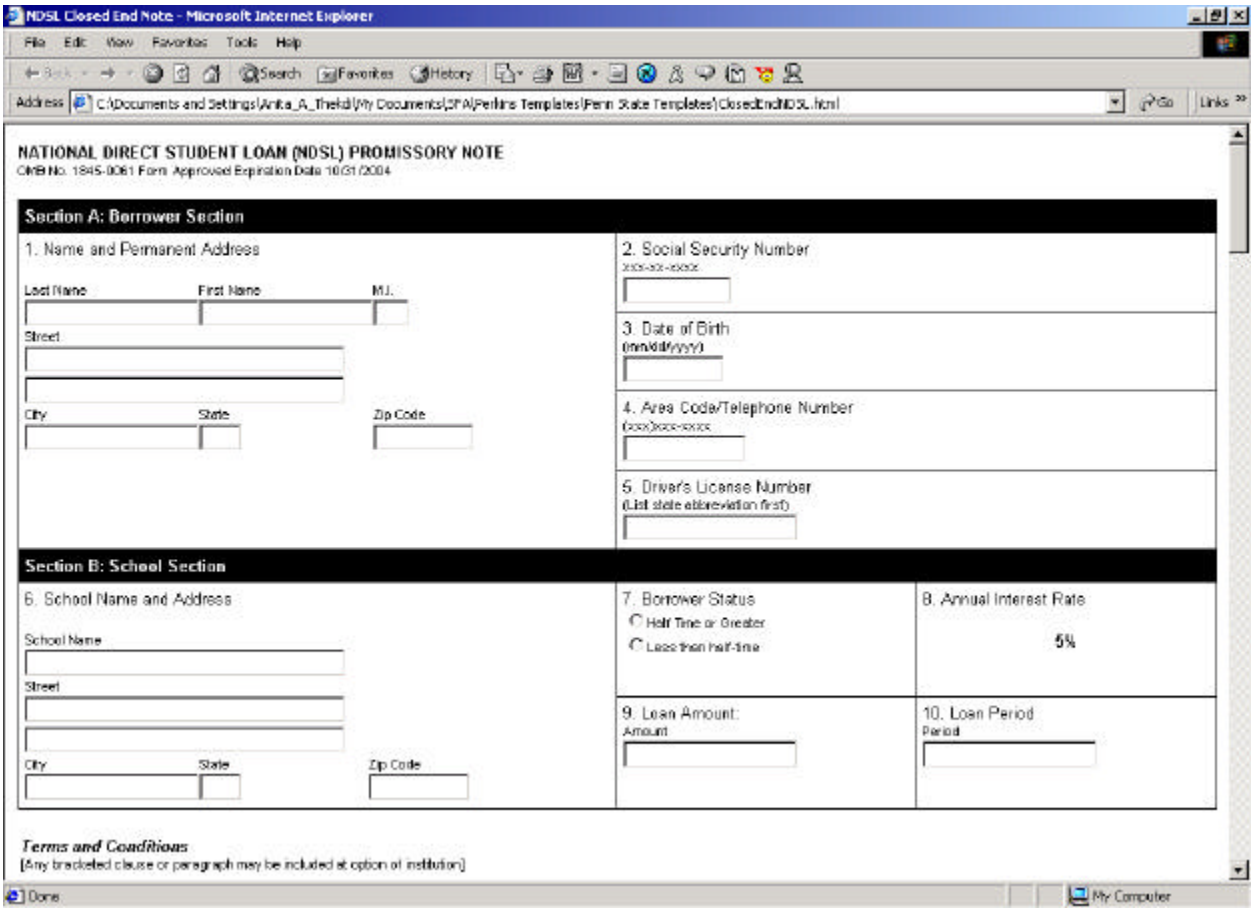
In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in compliance with the administration of the Federal Perkins Loan Program.

Paperwork Reduction Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0081. The time required to complete this information is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:**

Closed End NDSL Promissory Note (Image 2)

There is only one screen shot of the Closed End NDSL Note. This shot displays Sections A and B of the Closed End Note. The Terms and Conditions and eSign Sections of this note are the same as on the open end note and therefore have not been pictured.