Job Aid

Processing Forbearances

A forbearance provides a Perkins borrower with an opportunity to temporarily postpone principal payments. Interest continues to accrue during a forbearance. Depending on the terms of the loan, the borrower may be able to make interest-only payments while in forbearance, may pay the accrued interest as a lump sum at the end of the forbearance, or the accrued interest can be recomputed into the loan total once the borrower reenters repayment.

For additional information about the Department of Education regulations for Perkins Loans forbearances, refer to Chapter 4 – Perkins Repayment Plans Forbearance, Deferment, Cancellation, and Discharge at the Information for Financial Aid Professionals Web site.

Processing a Forbearance

Step 1:	From the Primary Window, click the **Def** (Deferment) Action Tab.
Step 2:	Click the **Add** button.
Step 3:	A list of eligible deferment and forbearance types will appear.
Step 4:	Verify that the borrower has forbearance time available using the What is Eligible Per Loan box. The maximum forbearance time varies depending on the loan and deferment/forbearance type.
Step 5:	Double-click the appropriate **Forbearance Type** in the Select Type Here box.
Step 6:	The Enter Deferment Dates window will display. Enter the appropriate **Starting and Ending Dates** for the forbearance.
Step 7:	Verify the Send Borrower checkboxes and make corrections as needed.
Step 8:	Click the **Auto Process** button.
Step 9:	A SAL system message will display indicated that the Deferment Processed letter has been created, if applicable. Click the **OK** button.
Step 10:	The Automatic Deferment/Cancellation Posting Results screen will appear indicating the processing status. If the forbearance was not processed, the reason will be indicated to the right of the processing status.
Step 11:	Click the **File** menu then **Exit** to return to the Primary Window.

The forbearance has been posted to the account. Written confirmation of the forbearance must be sent to the borrower. A standard letter is available in SAL.

Printing a Forbearance Letter

Step 1:	From the Primary Window, click the **Forms** button.
Step 2:	Click the **Letters** button.
Step 3:	Click the **Generate Letters** button.
Step 4:	Click the **Yes** button to create the merge file.
Step 5:	An on-screen prompt will ask if ECSI is sending the letter. Click **Yes** or **No** to proceed. If ECSI is sending the letter, a charge will be incurred.

Step 6:	Verify the print and send selection. Click the **Yes** button to continue.
Step 7:	Double-click the deferment letter. *Note: The Launch Word button will display "Start FTP" for a terminal server school at their location. The Open Letters Window button is only available at ECSI.*
Step 8:	Click the Start FTP button to initiate the process to send the mail merge to the local computer. After clicking the button, click the icon on the PC that completes the file transfer.
Step 9:	The letter will open in Microsoft Word. To populate the letter with the borrower's information, click the **Mailings** tab. (Steps may vary depending on the version of Microsoft Word used.)
Step 10:	Click the **Finish and Merge** button.
Step 11:	If saving the letter, change the name of the file to prevent overwriting the template.