

A rehabilitation provides defaulted Perkins borrowers with an opportunity to remove a loan from default by making nine consecutive, on-time monthly payments. A borrower can rehabilitate a loan only once, but there is no limit to the number of times he or she can attempt to make nine consecutive, on-time monthly payments.

Note: If a borrower pays a loan in full prior to completing nine consecutive, on-time monthly payments, a rehabilitation will not be completed.

For the purposes of rehabilitations, SAL considers payments to be “on-time” if they are posted within 20 days of the payment due date. If an on-time payment is missed, SAL automatically removes the rehabilitation. When a tenth payment is made following the successful completion of a rehabilitation, the process is triggered to update credit bureau reporting and defaulted credit history is removed. Allow 30-60 days for credit bureau reporting to be updated.

For additional information about the Department of Education regulations for Perkins Loans Rehabilitations, refer to [Chapter 6 – Perkins Billing, Collection, and Default at the Information for Financial Aid Professionals Web site](#).

Processing a Rehabilitation

Step 1:	From the Primary Window, click the Collection Action Tab.
Step 2:	Click the Rehab button.
Step 3:	Click the Post Rehab button.
Step 4:	Double-click on the loan to rehabilitate. Rehabilitations should be posted on one loan at a time.
Step 5:	Click the Continue button.
Step 6:	SAL automatically calculates the minimum payment required to pay interest and fees during the rehabilitation period. The borrower may choose to pay more than the minimum.
Step 7:	Enter the desired payment amount in the New Rehab Amount field.
Step 8:	Press the <tab> key.
Step 9:	A SAL system question will display asking when the first payment of the rehabilitation should be due. Follow the on-screen prompts.
Step 10:	From the Rehabilitation Process – Future Fixed Payments screen, verify that the information on the screen is correct and then click the Process Rehabilitation button.
Step 11:	The Rehab Information posted & letter finder was created informational message will appear. Click the OK button.

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

Printing a Rehabilitation 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 rehabilitation letter. <i>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.</i>
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.

Removing a Rehabilitation

Step 1:	From the Primary Window, click the Collection Action Tab .
Step 2:	Click the Rehab button.
Step 3:	Click the Delete Rehab button.
Step 4:	Double-click the rehabilitation that should be deleted.
Step 5:	Click the Delete Rehab button.
Step 6:	SAL automatically creates a memo indicating that the rehabilitation has been removed. Additional memos can be created as needed.