

A renegotiation provides borrowers with an opportunity to create new payment terms. It is a written agreement. For Perkins loans, renegotiations were replaced with rehabilitations in 2000. However, the functionality remains available in SAL in the event that a school determines that a renegotiation is appropriate for a particular institutional loan.

When posting a renegotiation, options exist to allow you to determine the payment amount and the number of months that will be required to pay interest and fees, past due monies, and/or to pay the loan in full. A renegotiation can be used to help a past due account become current or to renegotiate the terms so that consistent payments are made.

A renegotiation has no effect on credit bureau reporting. Past due accounts will continue to be reported as past due until the borrower is able to make the account current.

Processing a Renegotiation

Step 1:	From the Primary Window, click the Collection Action Tab.
Step 2:	Click the Rn/Rs/Forecast button.
Step 3:	Click the Post Rn/Rs/Forecast button.
Step 4:	Double-click on the loan that should be rescheduled or click the Select All Loans checkbox to renegotiate all loans.
Step 5:	Click the Compute Selected Loans button.
Step 6:	<p>SAL will populate the total payoff amount as well as the monthly payment amount required to pay off the loans in 10 years. Determine if the renegotiation will be constructed to pay off the loans in their entirety or to pay only the past due amounts. Click the appropriate radio button.</p> <ul style="list-style-type: none"> ○ <i>Payoff Loans</i>: Typically used when the borrower is trying to reduce their monthly payment amount. The system will automatically calculate how many months will be needed to pay off the loan based on the monthly payment entered. ○ <i>Payoff Past Due</i>: Used when the borrower is trying to make arrangements to get the account current. SAL will automatically calculate how many months will be needed based on the monthly payment entered. This option can be used in conjunction with a forbearance to allow the borrower to pay only past due amounts, fees, and interest without accruing additional monies due. ○ <i>Payoff Original 10 Years</i>: Used when the borrower has become past due but wants to pay off the loans within the original 10 year

	term of the loan.
Step 7:	Enter the Renegotiation Amount in the Interest & Fees Amount field.
Step 8:	Click the Calculate Amounts button. SAL will calculate the number of months required to pay off the loan using the amount provided in Step 7.
Step 9:	Click the Process button.
Step 10:	The Renegotiation Verification screen will display. Double-click the option the borrower has selected.
Step 11:	Click the Accept button.
Step 12:	The Select Letter Address and Review Date screen will display. Verify the address and make changes as needed.
Step 13:	If your school uses the Collections module, enter the date the date that the loan should be reviewed by an in-house collector. If your school does not use the Collections module, the date is irrelevant.
Step 14:	Click the Accept button.
Step 15:	SAL will automatically create a memo indicating that a renegotiation has been set. An additional memo can be created as needed.