

34 CFR § 30.60 - What costs does the Secretary impose on delinquent debtors?

CFR

§ 30.60 What costs does the Secretary impose on delinquent debtors?

(a) The Secretary may charge a debtor for the costs associated with the collection of a particular debt. These costs include, but are not limited to -

- (1)** Salaries of employees performing Federal loan servicing and debt collection activities;
- (2)** Telephone and mailing costs;
- (3)** Costs for reporting debts to credit bureaus;
- (4)** Costs for purchase of credit bureau reports;
- (5)** Costs associated with computer operations and other costs associated with the maintenance of records;
- (6)** Bank charges;
- (7)** Collection agency costs;
- (8)** Court costs and attorney fees; and
- (9)** Costs charged by other Governmental agencies.

(b) Notwithstanding any provision of State law, if the Secretary uses a

(1) The entire amount of the debt; and

(2) The amount that the Secretary is required to pay the agency for its collection services.

(c)

(1) The amount recovered under paragraph (b) of this section is the entire amount of the debt, multiplied by the following fraction:

$$\frac{1}{1-cr.}$$

(2) In paragraph (c)(1) of this section, cr equals the commission rate the Department pays to the collection agency.

(d) If the Secretary uses more than one collection agency to collect similar debts, the commission rate (cr) described in paragraph (c)(2) of this section is calculated as a weighted average of the commission rates charged by all collection agencies collecting similar debts, computed for each fiscal year based on the formula

$$\sum_{i=1}^N \left(\frac{X_i \cdot Y_i}{Z} \right)$$

where -

(1) Xi equals the dollar amount of similar debts placed by the Department with an individual collection agency as of the end of the preceding fiscal year;

(2) Yi equals the commission rate the Department pays to that collection agency for the collection of the similar debts;

(3) Z equals the dollar amount of similar debts placed by the Department with all collection agencies as of the end of the preceding fiscal year; and

(4) N equals the number of collection agencies with which the Secretary has placed similar debts as of the end of the preceding fiscal year.

(e) If a debtor has agreed under a repayment or settlement agreement with the Secretary to pay costs associated with the collection of a debt at a specified amount or rate, the Secretary collects those costs in

governments under paragraphs (a) through (d) of this section.

(Authority: 20 U.S.C. 1221e-3(a)(1) and 1226a-1, 31 U.S.C. 3711(e), 3717(e)(1), 3718))

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