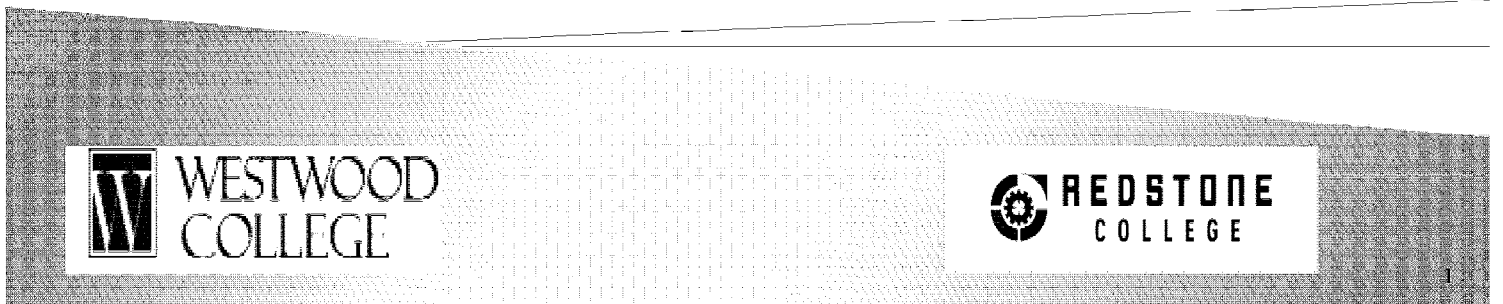


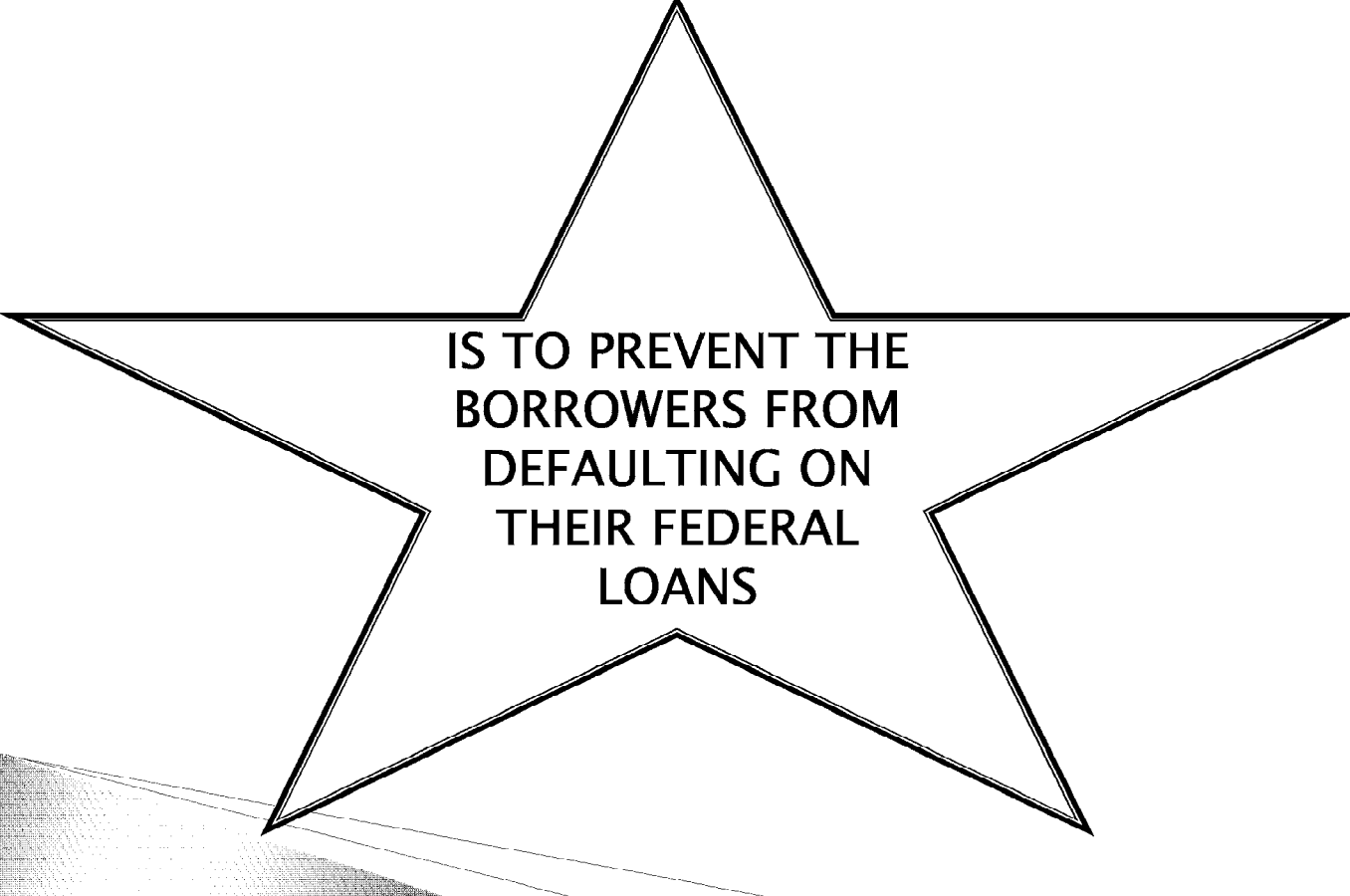
Alta Colleges Default Management



Confidential/Business Sensitive

WP000033945

**OUR GOAL AS
DEFAULT MANAGEMENT**

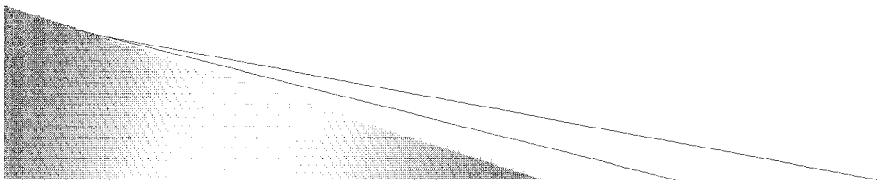


**IS TO PREVENT THE
BORROWERS FROM
DEFAULTING ON
THEIR FEDERAL
LOANS**

Confidential/Business Sensitive

WP000033946

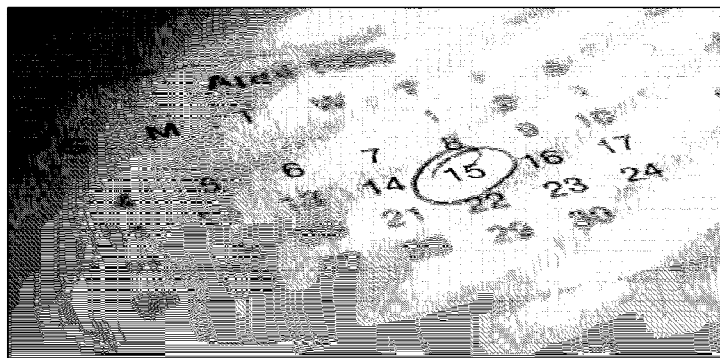
WHAT IS DEFAULT?



Confidential/Business Sensitive

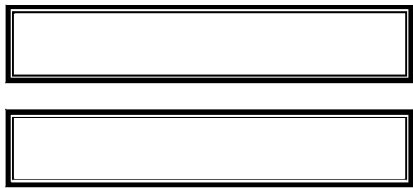
WP000033947

- ▶ Default occurs when a borrower's payments to their lender become more than 270 days delinquent.

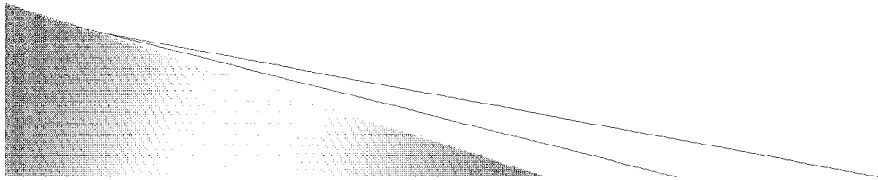


- ▶ After the 270 days the lender files a claim with the guarantor for reimbursement of the borrower's outstanding loan balance.

- ▶ Once the guarantor determines the loan has been correctly serviced, the guarantor will then purchase the loan(s) from the lender.



WHAT
SHOULD HE
HAVE DONE?



Confidential/Business Sensitive

WP000033950

SUBMIT A DEFERMENT or FORBEARANCE

Name _____
 Address _____
 City/State/Zip _____
 Telephone (Area) _____
 Telephone (Home) _____
 Telephone (School) _____
 Telephone (Employment) _____

SECTION 1: DEFERMENT REQUEST

Before making any payment, carefully read the entire form including the instructions and other information in Section 2, 3 and 4. This information is provided to you for your information only. It does not constitute an offer of a loan or any other financial product. The only product you are applying for is a deferment or forbearance.

DEFERMENT is a temporary suspension of your obligation to make payments on your loan. It is available for up to 36 months. You must be a U.S. citizen or permanent resident and be enrolled in an eligible educational program. You must also be unable to make payments due to a qualifying event. You must also be unable to make payments due to a qualifying event. You must also be unable to make payments due to a qualifying event.

FORBEARANCE is a temporary suspension of your obligation to make payments on your loan. It is available for up to 36 months. You must be a U.S. citizen or permanent resident and be enrolled in an eligible educational program. You must also be unable to make payments due to a qualifying event. You must also be unable to make payments due to a qualifying event. You must also be unable to make payments due to a qualifying event.

SECTION 2: STATEMENT OF FINANCIAL NEED AND SUPPORT ADVICE

1. I am unable to make payments on my loan because of the following financial hardship: _____

2. I am unable to make payments on my loan because of the following financial hardship: _____

3. I am unable to make payments on my loan because of the following financial hardship: _____

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100. I am unable to make payments on my loan because of the following financial hardship: _____

Address Change Request
 Name _____
 Account _____
 Number _____
 City/State/Zip _____

Request for Forbearance

Dear BORROWER,

I understand that you are having difficulty making your payments on your loan. We are sorry to hear that and would like to help you. We can offer you a forbearance or deferment on your loan. This means that you can stop making payments on your loan for a certain period of time. This can help you if you are having difficulty making your payments. We can offer you a forbearance or deferment on your loan. This means that you can stop making payments on your loan for a certain period of time. This can help you if you are having difficulty making your payments.

PLEASE READ THE FOLLOWING INFORMATION CAREFULLY. IT IS ESPECIALLY IMPORTANT THAT YOU RETURN THE FORM TO US IMMEDIATELY. Collecting additional information regarding your situation may be required to process your request. Your forbearance or deferment will be approved if your payments become current, provided the delinquency will be reported to a national credit bureau.

IF YOU HAVE ANY QUESTIONS, YOU CAN CONTACT YOUR CREDIT COUNSELOR AT 800-444-2642.

Please allow time to make a deposit on your forbearance form. You can obtain information on the status of your account by calling our toll-free loan status or servicing center at 800-444-2642.

Agreement

By signing this request for forbearance, I am temporarily suspending my obligation to make payments on my loan. I understand that my payments will be reported to a national credit bureau if my payments do not become current during the forbearance period. I understand that my forbearance or deferment will be approved if my payments become current, provided the delinquency will be reported to a national credit bureau. My request for forbearance is for _____ months.

Effect

I understand that my forbearance or deferment will be approved if my payments become current, provided the delinquency will be reported to a national credit bureau. My request for forbearance is for _____ months.

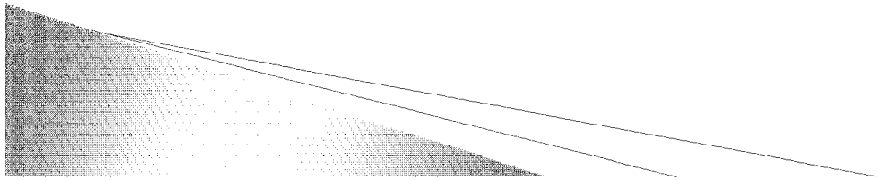
I agree to the terms of the forbearance or deferment and agree to pay my loan on the schedule of the forbearance or deferment and to accept the terms of my promissory note. I understand that my forbearance or deferment will be approved if my payments become current, provided the delinquency will be reported to a national credit bureau. My request for forbearance is for _____ months.

Signature of Borrower _____ Date _____
 Signature of Servicer _____ Date _____

Office Use Only

Alta Colleges, Inc. is an Equal Opportunity Employer. This form is for informational purposes only. It is not a contract. For more information, please contact your credit counselor at 800-444-2642.

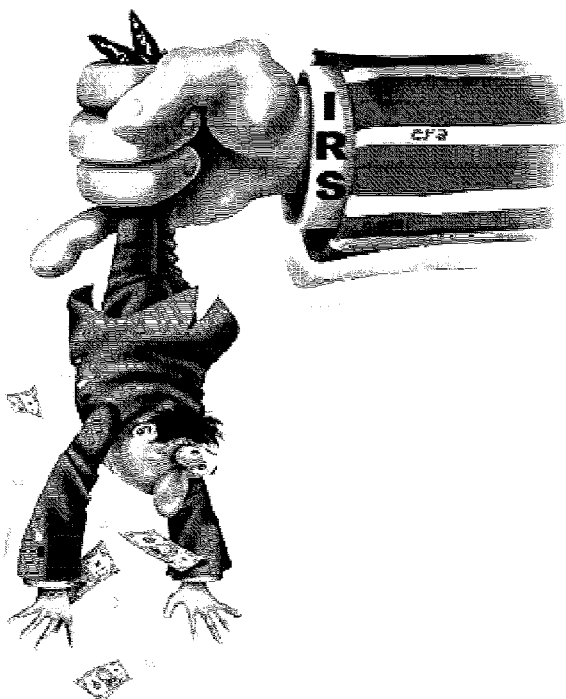
WHAT HAPPENS WHEN A BORROWER DEFAULTS?



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WP000033952

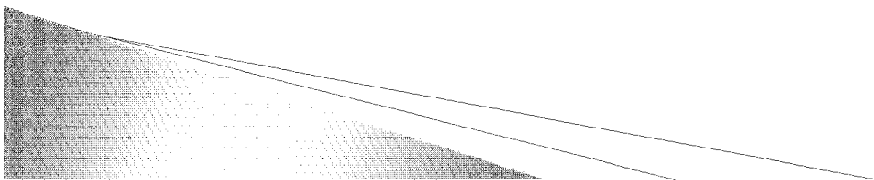
TAX REFUND OFFSET



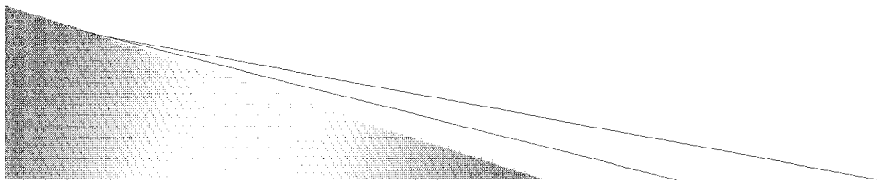
- ▶ The IRS can intercept any income tax refund you may be entitled to until your student loans are paid in full. This is one of the most popular methods of collecting on defaulted loans, and the Department of Education annually collects hundreds of millions of dollars this way.

OTHER CONSEQUENCES....

- ▶ Wage garnishments
- ▶ Bad credit
- ▶ Sued by the government
- ▶ Loss of future financial aid



HOW CAN A DEFAULTED BORROWER AFFECT ALTA?

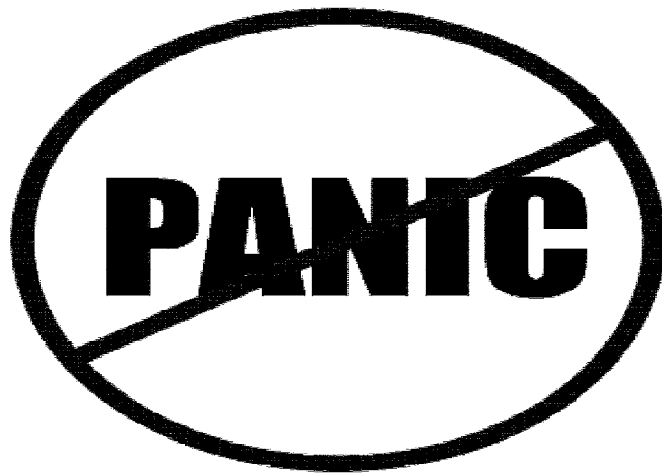


Confidential/Business Sensitive

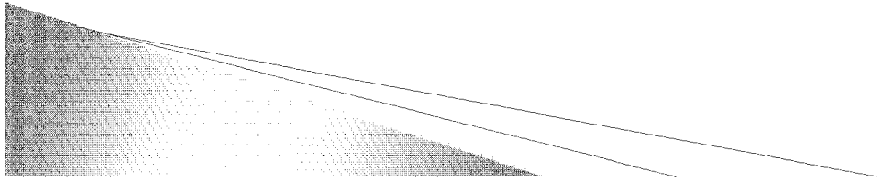
WP000033955



A College with a continued high Default Rate, will lose Federal funding which can result to school closure.



We can help prevent
this from happening!



OUR STEPS TO KEEPING A LOW DEFAULT RATE



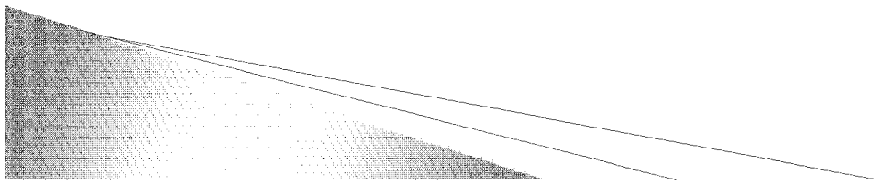
1. Comb
2. Monitor
3. Communication
4. Follow up

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WP000033958

COMBING

Combing is a very tedious and time consuming process, which includes but is not limited to the following steps.



IDENTIFYING

DENOMINATOR



Number of borrowers who enter repayment during cohort fiscal year.

NUMERATOR

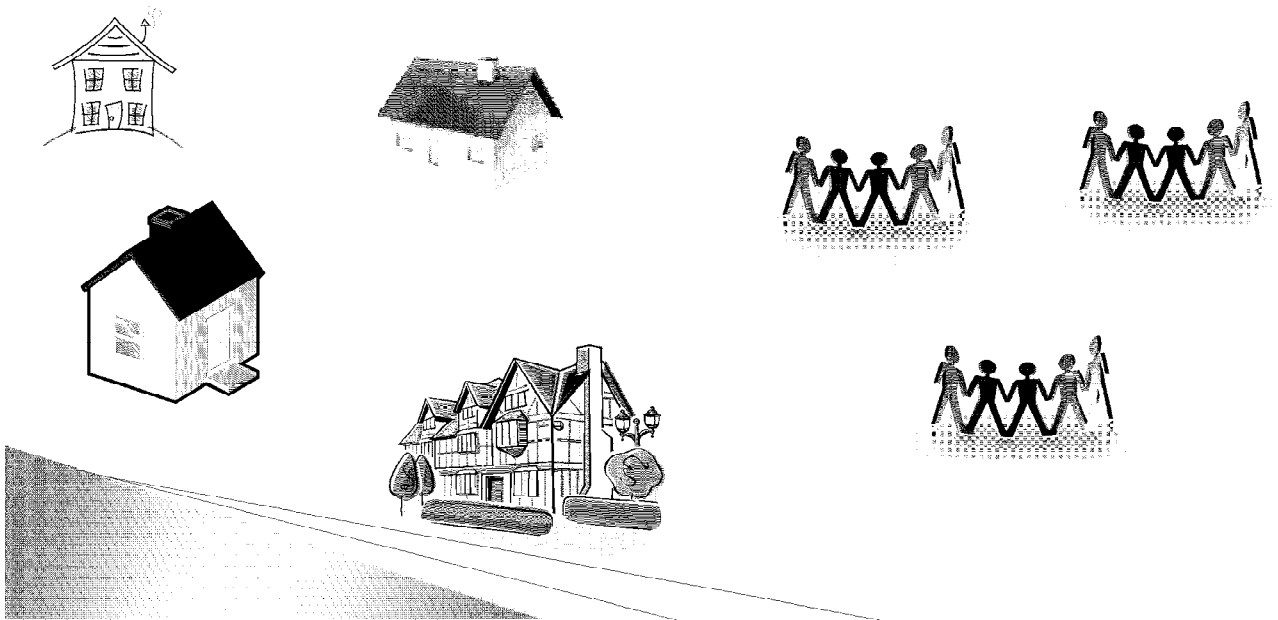


Number of borrowers in denominator who defaulted during the 3 year cohort default period.

COHORT DEFAULT RATE

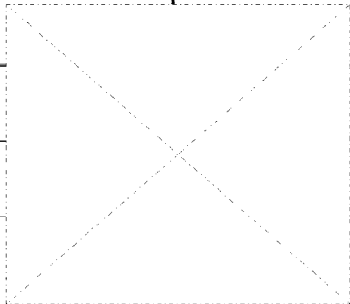
FINDING YOUR COHORT

- ▶ Cohorts are placing lost individuals into their correct homes based on their repayment date.
 - which locks them into a 3 year window -



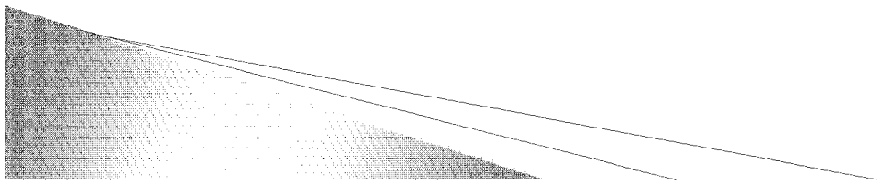
CROSS REFERENCE

- ▶ Retrieve Master Student Listing Report from the CLASS system– and Guarantors Report(s). This is how you find your denominator.

<u>Last Name</u>	<u>First Name</u>	<u>Social Security</u>	<u>Start Date</u>	<u>Grad Date</u>
		000-00-0000	2/1/2005	6/16/2005
		000-00-0001	4/6/2004	8/9/2005
		000-00-0002	5/10/2004	3/16/2006
		000-00-0003	7/21/2003	7/28/2005

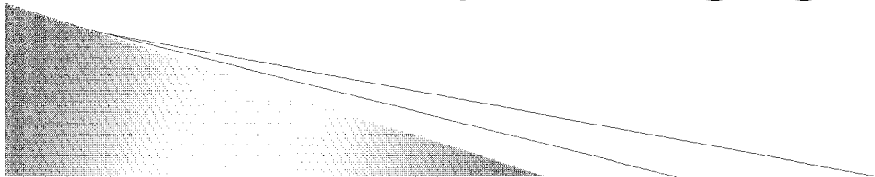
CROSS REFERENCE

- ▶ Borrowers that are not found on both CLASS and the Guarantor report(s) are now considered an EXCEPTION. When dealing with an EXCEPTION borrower you will need to figure out why they are missing from either report(s).
- ▶ You will need to find their LDA (last day of attendance) from CLASS & NSLDS.



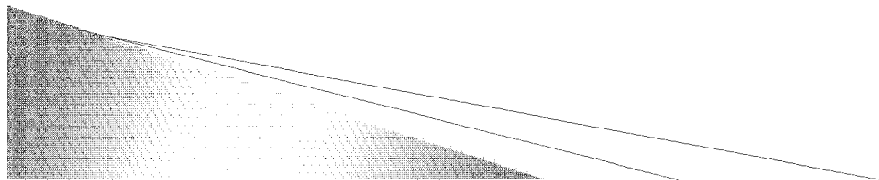
THE CHALLENGE

- ▶ When exceptions are found they are placed in their correct cohort, by submitting a data challenge to the guarantor.
- ▶ At other times some defaulted borrowers from previous cohorts will show up in your numerator affecting your current year. These borrowers will also need to be removed by challenging the guarantor.



SYSTEMS USED TO MONITOR BORROWERS

- ▶ CLASS
- ▶ Personal CMS system – in an excel format
- ▶ Sallie Mae (open-net) – live browser
- ▶ USAF – web based browser which is used to maintain borrower information and notes
- ▶ NSLDS
- ▶ Lexis Nexis – web based tracing program
- ▶ RENEE – Default database system



PLAN OF ATTACK

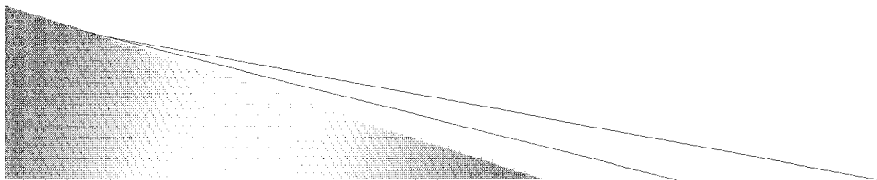


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WP000033966

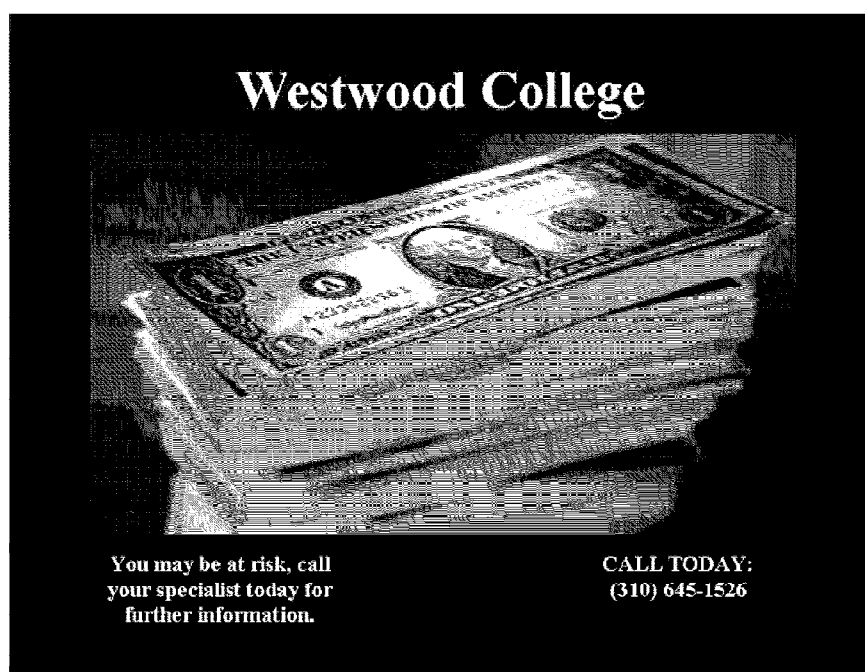
GRADS/DROPS

- ▶ Exit packets to be given to borrowers with Federal loans when they depart from ALTA colleges.
- ▶ Mail out “Thank You” letters which will also introduce our department.



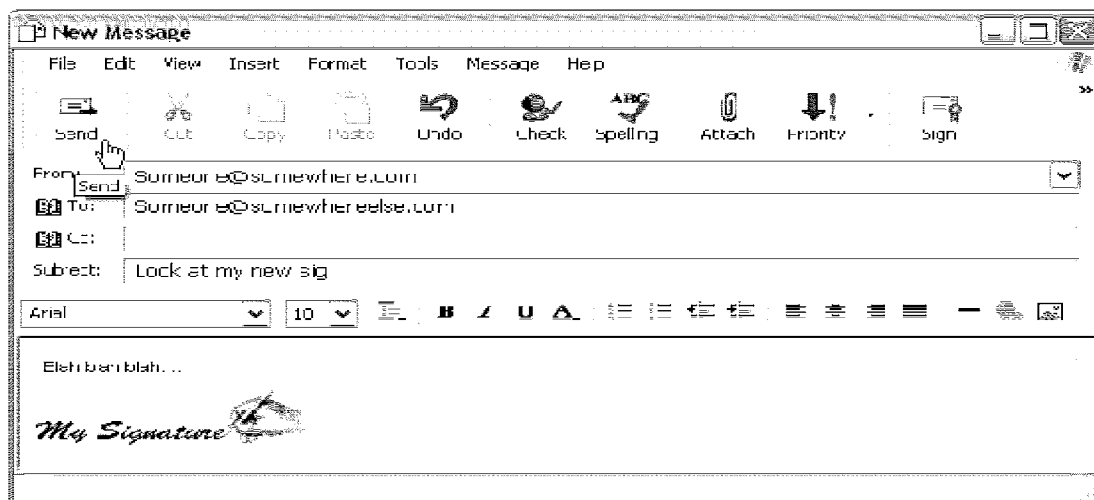
30 DAYS BEFORE REPAYMENT

- ▶ Postcards
- ▶ 30 day grace letter
- ▶ Courtesy call
- ▶ Skip tracing



15-59 DAYS DELINQUENT

- ▶ Monthly Letter #1
- ▶ Emails
- ▶ Phone calls

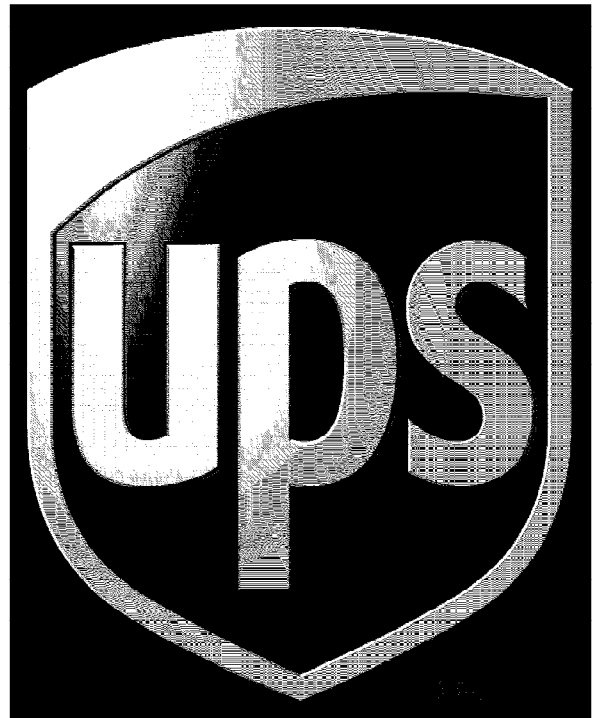


Confidential/Business Sensitive

WP000033969

60-119 DAYS DELINQUENT

- ▶ Monthly Letter #1
- ▶ Email
- ▶ Signature Gathering
- ▶ Reference Letters from DM system
- ▶ UPS
- ▶ Phone calls



120-239 DAYS DELINQUENT



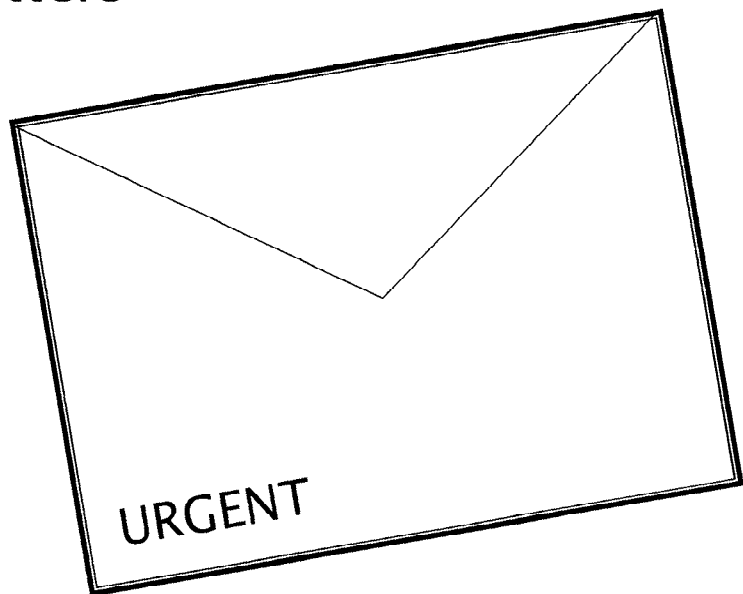
- ▶ Monthly letter #2
- ▶ Emails
- ▶ Signature Gathering
- ▶ Reference letter from DM system
- ▶ UPS
- ▶ Reference calls
- ▶ Continue to call borrowers

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WP000033971

240 & ABOVE

- ▶ Monthly letter #3
- ▶ Emails
- ▶ Red Reference letters
- ▶ G.L.





Dear Student/Former Student:

If you're receiving this letter, you could be heading into default within the next couple of business days. Attached is a Forbearance form that could possibly help save you from going into default. Please fill out the form and send it via fax @ (800) 888-8888 or E-scan and send to the any of the following contacts listed below.



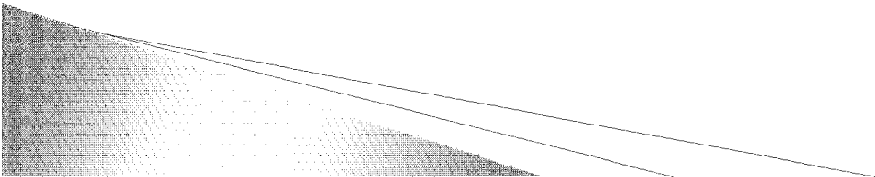
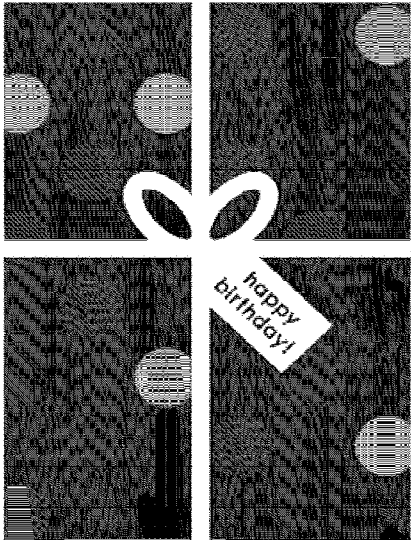
Remember we are here to help you

Sincerely,

Default Management

Default Management

OTHER METHODS.....

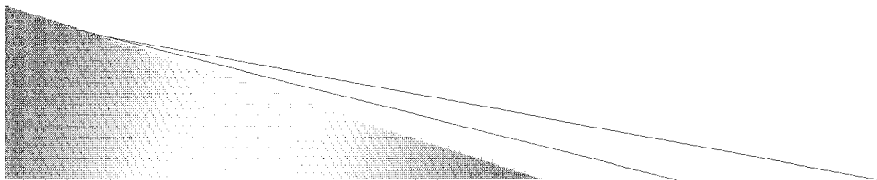




“Tax time”
letters –
mailed
out in
January

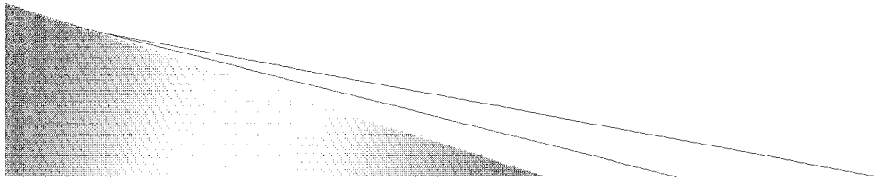
FOLLOWING UP

- ▶ Keeping good notes and being organized is highly needed to track the status of our borrowers.
- ▶ Twice a week a thorough checking of the pending deferments/forbearances is done.



TRACKING NUMBERS

- ▶ Statuses are checked weekly on the borrowers. This helps to track our numbers and progress.
- ▶ A weekly report is sent out for each school code and an end of month report is distributed the last Friday of each month, per school code.



COHORT DEFAULT RATE (CDR) TRACKING FOR 2010 COHORT

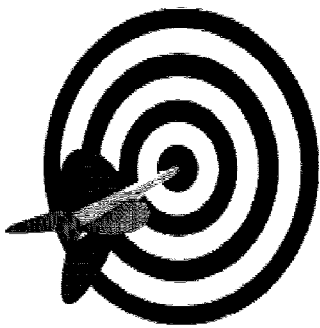
DATE:	02/26/10	CAMPUSES: DNX & CHO			
		OPE ID # 007297-00 / 01			
CURRENT ESTIMATED COHORT DEFAULT RATE :	2/5/2010	2/12/2010	2/19/2010	2/26/2010	
YTD Defaults (B Codes)	1	3	3	6	
Borrowers Entering Repayment (B & D Codes)	555	555	555	555	
Estimated Cohort Default Rate	0.18%	0.54%	0.54%	1.08%	
POTENTIAL COHORT DEFAULT RATE					
Delinquent Borrowers With Potential Impact on CDR (Possible B)	50	37	27	14	
Borrowers Entering Repayment (B & D Codes)	555	555	555	555	
Potential Cohort Default Rate	9.19%	7.21%	5.41%	3.60%	
Aversions for the Week	10	10	10	10	
Aversions month to date	40				
End of Cohort Year	9/30/2007	9/30/2007	9/30/2007	9/30/2007	
Days Before End of Cohort Year	-859	-866	-873	-880	

Comments: aversions to date 500

End of Month Comparison		
	2009	2010
Denominator	698	555
Numerator	71	6
Delinquent	17	20
Default	10.17%	1.08%
Possible Rate	10.17%	4.68%

Current Year Campus Breakdown			
	DNX	CHO	
Defaulted	5	1	
Delinquent	10	4	

RESULTS



▶ UNDER
10%

