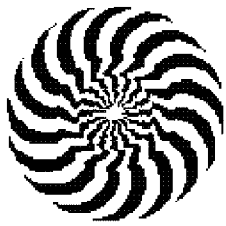


Excerpts, selected by the HELP Committee, from a larger document
produced by the company



Apollo Group Inc.

Default Management Plan

Last Revised: September, 2010
Redacted by HELP Committee

CONFIDENTIAL

AGI0032838

Table of Contents

Cohort Default Rate.....	3
Competitor Rates Analysis.....	4
Default Management Plan.....	5
CDR Sanctions	9
Reporting	10
Perkins	18
Default Management Contacts	19

Default Management Plan

Introduction

The University of Phoenix is transitioning from FFELP into the William D. Ford Direct Loan in 2010. A significant portion of our student population receives student loans. The University has chosen to implement a default management plan to promote student success and reduce student loan defaults. Because our cohort default rate remains below applicable thresholds, the University is not required by the U.S. Department of Education to submit or follow a default prevention plan.

The default management plan for the University is a collaborative effort involving several departments including Apollo Financial Aid, Finance, Enrollment, and Business Technology.

Apollo Group, Inc. has hired a Default Management team who is responsible for all its subsidiaries. The primary responsibility of the Default Management team is to create and implement strategies, to work together with various campus departments, lender partners, and guaranty agencies toward a common goal of reduced defaults; and to interface with the Student Financial Aid Training and Implementation team to provide presentations and information for enrollment and financial counselor staff.

Enrollment Efforts

The University utilizes the Department of Education's studentloan.gov online interactive entrance counseling which provides students with the most up to date counseling. If the student has questions regarding their counseling, they are directed to their Campus Finance Advisor to answer any questions they might have. The Campus Finance Advisor is an individual with Financial Aid Experience. The Campus Finance Advisor is also available to meet with the student in person to discuss questions regarding student loans.

Application Efforts

The University conducts most of its financial aid application process online. Strategically placed within the online process are financial literacy resources for students including loan repayment and consolidation calculators, credit card management, access to the free annual credit report site, and a link to NSLDS. Our enrollment counselors assist students by walking through our financial aid web process and provide an additional focus on entrance counseling topics.

Borrow Wisely Campaign

The University promotes a Borrow Wisely campaign and socializes this concept with its enrollment and finance counselors. We counsel students to investigate other means of financing their education before borrowing student loans including: scholarships, corporate reimbursement, personal savings, etc.

E-Campus

We utilize e-Campus, the University's learning management tool, as a default Management communication method. When a student receives their financial aid award letter and subsequently receives their disbursement notification letters, we have an opportunity to communicate vital loan awareness information. We also post messages containing a loan repayment chart, a link to NSLDS, an opportunity to cancel their loan if they choose, and a scholarship site link.

In School Initiatives

Because the University believes it is important to raise student awareness regarding their individual student loan debt, we have requested the guaranty agencies to mail or email loan summary letters to in school students bi-annually. This notification keeps the student apprised of their outstanding loan balances as they progress through their program of study. The loan summary letters also explain who the guaranty agency is and how to access NSLDS to view all of their FFEL or Direct student loans. To further supplement this initiative, we are implementing an internal student notification process via e-Campus. Because our goal is to increase the number of students who read their loan summary letter information, we believe it is beneficial to notify the student to expect a communication from their guarantor.

30 Day Delay

Effective Oct 1, 2010, we will implement an automated 30 day delay for first time, first year borrowers. The existing 30-Day Delay process is manual.

Default Management Toolkits

To assist our campus employees, we create an annual default Management toolkit and distribute it to our main campuses. The toolkit typically includes a bookmark detailing the consequences of student loan default and solutions for resolving defaults, a bookmark on loan repayment plan options, a current tax benefit brochure, and other timely default Management information. Annually, we survey our Enrollment and Finance Managers to find out what type of information is most beneficial to them.

Graduation/Withdrawal Initiatives

The University recently transitioned to the Department of Education's NSLDS Exit Counseling. This is online, and provides an interactive counseling program. The new program allows the student to see actual individual loan data including amount, lender, guarantor, and status. The counseling program will also generate student specific loan repayment amounts and show a comparison of the various loan repayment options.

TIVA Meeting

The Default Management team is in the process of scheduling monthly meetings with the departments Title IV servicers. This time will be to discuss upcoming projects, coordinate and collaborate on current initiatives, and assess projects in process. We also discuss their individual Cohort Default Rates for Apollo's population.

Grace Period Counseling

The University has collaborated with its guaranty agencies to conduct a grace period counseling program. The University recognizes that many students are not contacted regarding their student loans during their six-month grace period. This is a critical time in the life of a student loan. It is important to stay in touch with the student, remind them of their loan obligations, and provide repayment information.

The University provides the guarantors with graduated and withdrawn student information via weekly spreadsheets. The guarantors make telephone contact with these students. The guarantor's objective is to gather information from the student, and to provide loan repayment information to the student. Redacted by HELP Committee

Redacted by HELP Committee

Additional Student Counseling

In July, Apollo Group assigned student borrower accounts externally to two servicing companies – General Revenue Corp (GRC) and i3. These companies were hired to counsel student loan borrowers on their repayment rights and obligations. Our conversations with these two servicers stressed our goal of helping students successfully repay their loans. Keeping students out of default reduces our cohort default rate, prevents taxpayer loss, and most importantly prevents further damage to a borrower's credit history. We are not collecting debt, but Apollo and its partners are working to improve repayment success.

The first batch of accounts included some borrowers that were over 150 days delinquent on their federal student loan. The second batch we assigned in September included some borrowers that were over 30 days delinquent. We are in the process of assigning more borrowers that are active in repayment cohorts.

Additional Institutional Initiatives

The University has analyzed the characteristics of the students who entered repayment as well as the students who defaulted. We compiled the first statistics utilizing our FY 2001 CDR file. Data elements analyzed include regions, transfer credits, program areas, student demographics, FISAP income, first generation to attend college, household size, GPA, and campus demographics. This information is utilized to create and implement future default Management strategies. Redacted by HELP Committee

Redacted by HELP Committee

Default Management Share Point Site

We have created a Default Management page on our internal SharePoint site, which is accessible to all campus staff. This site contains helpful articles, best practices, lender website links, a loan repayment calculator, grace period counseling reports, and training resources. Additionally, a quarterly Student Financial Aid update will be sent to the campuses as a reminder to review the site. Redacted by HELP Committee

Lender Default Tracker

The University has set specific cohort default rate goals and we work closely with our lender and guarantor partners to achieve these goals. We have engaged their cooperation and leveraged their tools and expertise to

support our common goal of better serving our students. We have implemented a default tracker spreadsheet for our lenders. It is a tool to gauge the default rate as we progress throughout the cohort year. Other data elements are captured as well; for instance, number of averted claims and cure reasons.

CONFIDENTIAL

AGI0032845

Yearly Program Level CDR Analysis

Yearly, the Default Management Team does an analysis on the CDR for each Program Level. To do this, we take the Official CDR file released by the Department of education, and then have Program type added by our Business Intelligence Team. We query each program level by defaulters and repayers to calculate the CDR. Redacted by HELP Committee

Redacted by HELP Committee

FY07	Defaulters	Repayment Population	CDR
Total Population:	9,960	106,893	9.32%
Break Down by Program Type:			
Associates	4,012	19,287	20.80%
Bachelors	4,971	51,897	9.58%
Masters	918	32,999	2.78%
Doctoral	38	1,724	2.20%
Other	21	986	2.13%

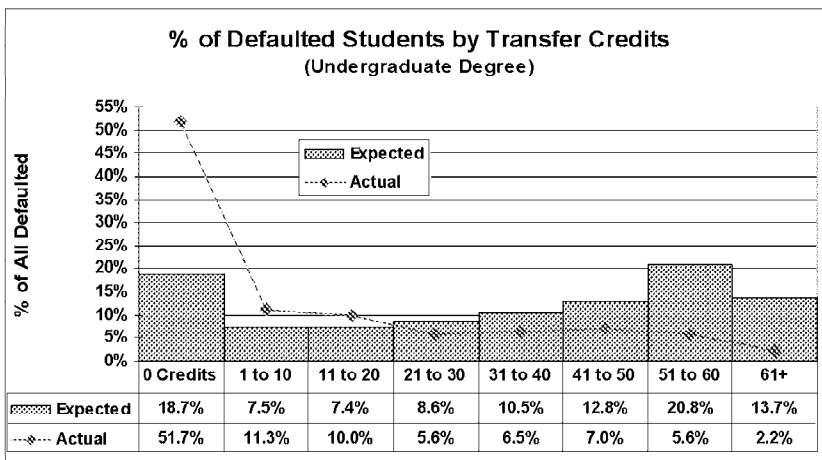
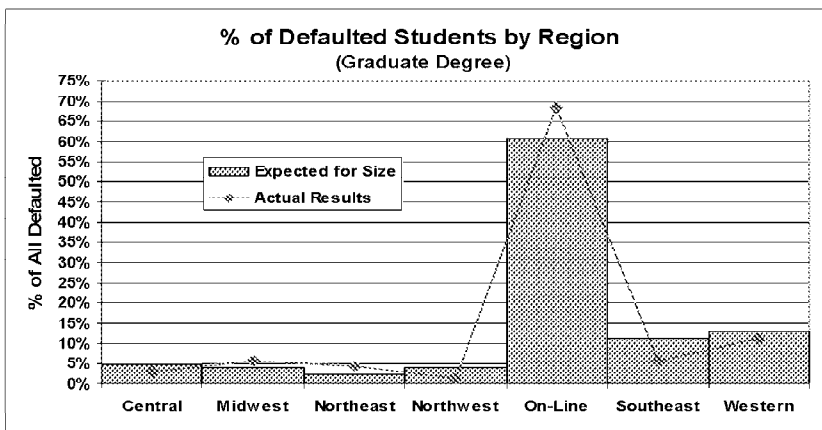
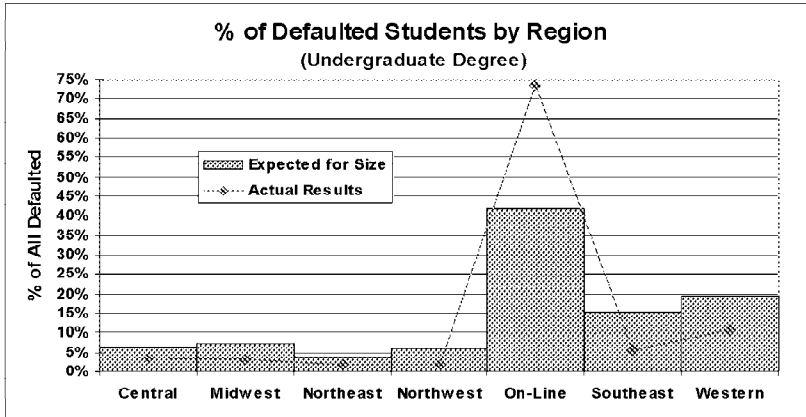
FY06	Defaulters	Repayment Population	CDR
Total Population:	7,373	101,894	7.24%
Break Down by Program Type:			
Associates	82	1,179	6.96%
Bachelors	6,417	60,287	10.64%
Masters	821	37,069	2.21%
Doctoral	21	1,810	1.16%
Other	32	1,549	2.07%

Yearly Defaulter Profile

Redacted by HELP Committee

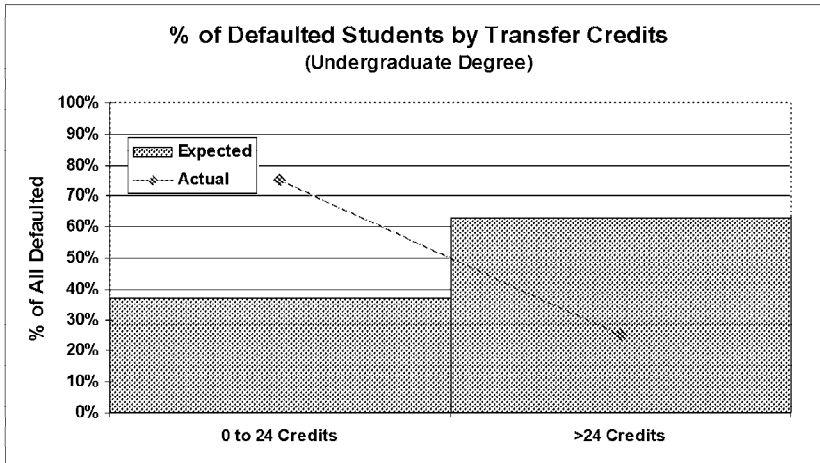
Yearly, the Default Management Team does an analysis on Official CDR to profile our defaulters. (

Redacted by HELP Committee

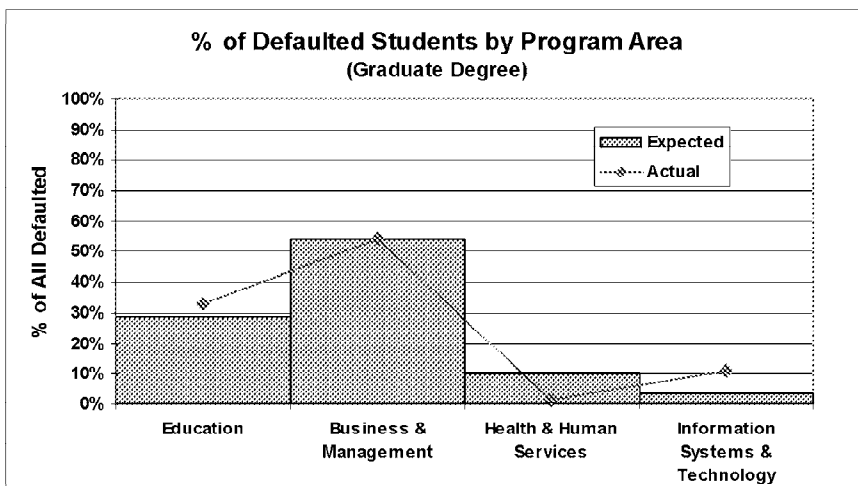


CONFIDENTIAL

AGI0032850

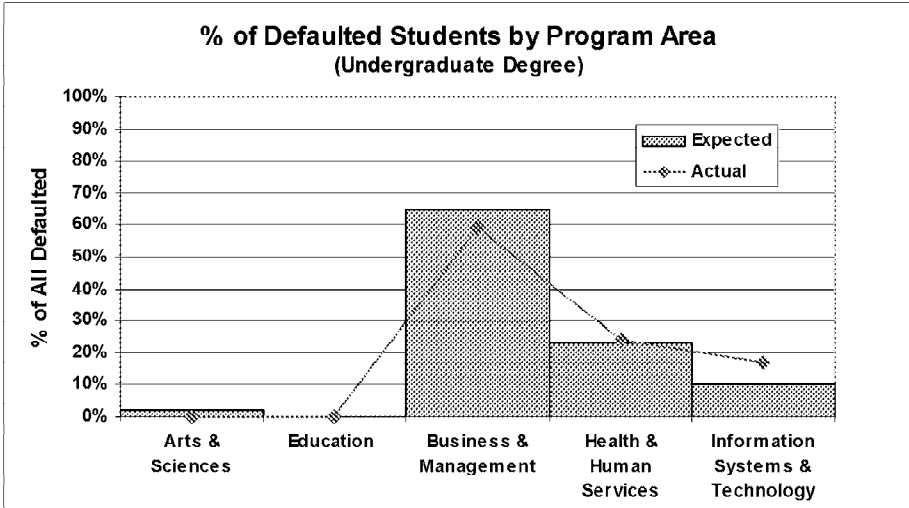


Redacted by HELP Committee



CONFIDENTIAL

AGI0032851



Redacted by HELP Committee