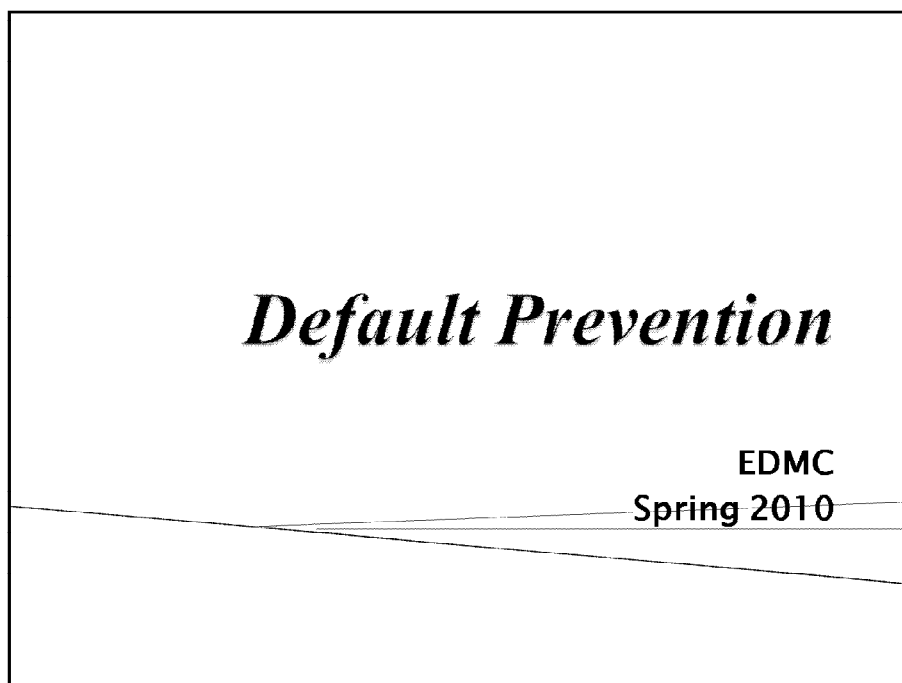


Excerpts, selected by the HELP Committee, from a larger document
produced by the company



What is Default Prevention?

- ▶ Taking a proactive roll in preventing students from defaulting on their Title IV student loans, assuring that the school establishes and maintains a low cohort default rate
- ▶ Default prevention is an "all-school" activity
- ▶ Loan counseling and default prevention begins when the loan is awarded and are on-going throughout the student's education and repayment period

Default= Occurs when a borrower goes a certain number of days without making a payment on their loan(s).

FFELP Loans=270 days without payment

Direct Loans=360 days without payment

*default prevention should include the admissions staff –all the way to the loan coordinators –(beginning to end) and should educate staff and students

Why do I need a Default Prevention Plan?

- Promotes student success by increasing retention and reducing delinquency and default
- Benefits both schools and students
 - Schools benefit by avoiding limitations (sanctions) on participation in the loan programs
 - Students benefit by having continued access to Title IV Student Financial Assistance Programs, learning debt management practices, and establishing healthy credit history
- Schools who are committed to promoting student success help their students learn, graduate, obtain employment, and demonstrate financial responsibility through repayment of funds borrowed to finance their education
- Requirement by Department of ED for high CDRs

Cont.....

- ▶ The default rate is public information
- ▶ Prospective students/parents will evaluate the school based on the default rate
- ▶ Access to some alternative loans is based on the Stafford Loan default rate
- ▶ Potential investors in EDMC evaluate the company in part based on the schools' default rates
- ▶ Default rates are being looked at very closely right now

Now that we are publicly traded company our default rates are looked at very closely, and because our rates were fairly low (overall) for a proprietary school

Resolving Delinquencies

- ▶ Its time to be aggressive since we are now in a 3 year CDR window – defaults are likely to double/triple!! Take action now!!
- ▶ Phone Calls*
- ▶ Letters
- ▶ Emails
- ▶ Options Counseling
 - Alternate Repayment plans
 - Consolidation
 - Be sure to include all Federal Loans
 - Deferment, if eligible
 - Forbearance, if eligible
- ▶ Skip Tracing
- ▶ Contact Servicer

GET COMFORTABLE WITH DOING A VERBAL FORBEARANCE!!!

CALL SALLIE MAE AT 1 888 272 5543 (6657 schools)

Making the Call:

Clearly Identify Yourself: Give your name, your title, and where you are calling from.

Explain Your Role: "As a Loan Coordinator, I assist our students who may be facing difficulties with their loan repayment. My job is to help students who may be having a hard time....."

Explain Why You are Calling Them: "I received a report from (DLSC/GRC)_____ that you are delinquent with your student loan(s). I wanted to see if you are having a hard time and how I can help you?"

Listen for Clues: If they say they are not working, then an unemployment deferment... if they are in-school somewhere else, then an in-school deferment, ECT.

The Loan Coordinator will be working with many different types of people, with different attitudes and backgrounds. Some students will be great full for your help, while others may be more hostile. Most delinquent students are delinquent on more than one payment, so work on your approach and don't just sound like another collector calling them. Many of them may want to vent, so remember to stay calm, do not be argumentative, be understanding, and reassure them that you are here to help. Avoid asking open ended questions – as to not take up too much of your phone time

You Don't Want Money: If they think that you want money that they may not have, let them know you aren't just calling to get a payment that you can help them even if they just can't afford to pay. (Verbal forbearance)

If You Encounter Resistance: Make them aware of the consequences of defaulting. Let them know that the government will garnish their wages and with hold their income tax returns until the loan has been paid in full.

Outline Solutions: At this point in the conversation you should have picked up on their situation and be able to give them some solutions to their delinquency. Either a new repayment plan, a deferment or forbearance.

Give Direction: "Let's make a call to the lender and get this resolved now with in a few minutes you'll be done. Or I'm sending you (a certain) __ form, I need you to fill it out and attach ---- and return it by ----."

Write something to say –

DON'T B AFRAID – KEEP CALLING AND KEEP CALLING LET THEM KNOW THIS IS NOT GOING TO GO AWAY

*** IF U HAVE A STUDENT GIVING YOU TROUBLE – WE WILL CALL THEM IF U NEED HELP -****