Redacted by

From: Redacted by HELP
Sent: Friday, September 04, 2009 3:05 PM
To: Dan Bachus
Subject: RE: 2008 Default Rate Projections

Hi Dan. Thanks for the welcome. I have been in back-to-back meetings all day so sorry for the delay. I am more than excited to be here and really have enjoyed getting to know all the folks in Financial Aid Office. Yes, Reda likes keeping me pinned up in my office for long periods of time. ☺ Red has been wonderful to me and I really like her work style with us. She is awesome.

There are a few things that add to the projected spike in the 3 year CDR calculation:

1. The premise of having the two-year calculation was based on the assumption that students are more likely to default within the first year of repayment (as you already mentioned) or never intended to pay to begin with. Schools figured out how to keep students in deferments and forbearances just long enough to stay out of the two year cohort years. Thus the reason for the 3 year calculation. The Income Based Repayment Plan will help with these students. It is up to my office to make sure older borrowers in delinquency are aware of this program that just started July 1st.
2. Students at a certain point run out of options and are no longer able to apply for forbearances and such. They realize the payments are too high so they don't pay anything. This is a new trend that has been recognized recently that more and more students are defaulting between years 3 and 4. Again Income Based Repayment Plan will help here.
3. Many students that are successfully repaying loans for the first two years take on more debt from buying a house, car, ect. and don't make student loan payments a priority. We don't' currently see this trend because of the two year calculation, but will definitely appear sooner than later.
4. Economy – There is so much that can be said here. Did you know that the Bankruptcy rate in Arizona is up 100% for this month compared to last year? That is just Arizona.

I think there are many other reasons that we don't realize yet. There are new programs offered from guarantors that will help us soon with trend analysis using data from Redacted by HELP and Defaulted Students. These types of reports will help me narrow the student segment that will affect GCU the most. There are other opportunities that I will be putting into place very shortly. The good thing is that we have time to put the program in place and put the resources where it needs to be.

Now that the CSR's are up and running I can turn my focus to the Default Aversion efforts and develop an opportunity to build relationships with students while they are in school that will carry for a long time after graduation or withdrawal. This will also help with the Alumni efforts as well. At least I think it will. If students can see us as the trusted advisor, they will call us when they are in trouble.

I hope this helps somewhat. Looking forward to meeting you!

Redacted by HELP

From: Dan Bachus
Sent: Thursday, September 03, 2009 6:22 PM
To: Redacted by HELP
Subject: FW: 2008 Default Rate Projections
Importance: High

Redacted by HELP

First, welcome to GCU. We are glad to have you. I am not sure why Reda has not brought you around so I could say hi. When you have a chance can you explain to me why adding the third year causes such a spike in the CDR? I have received a couple of questions about this from analysts. You would think that the largest percentage of defaults come in the first year a student goes into repayment as a result of the students that start, take one or two classes, decide they can't handle the academic rigor and thus drop. It surprises me that students would start repaying their loan and then at some point stop.

From: Redacted by HELP
Sent: Thursday, September 03, 2009 8:14 AM
To: Dan Bachus; Brian Mueller; Stan Meyer; Nikki Mancuso; Dilek Marsh; Sarah Boeder; Academic Advisors Manager ; Assistant VP for Enrollment
Subject: 2008 Default Rate Projections
Importance: High

Below are some projections on where our Default Rates are trending. Our 2007 CDR will be finalized in 2 weeks and we are confident it will be 1.4%. Redacted by HELP Committee has the majority of the loan volume for the next CDR and based on Reda numbers below I would say over 3.0+% for our 2008 CDR is a very safe bet. It's difficult to project the 2009 CDR right now but Red has recently joined GCU and that will be one of his primary focuses so we should have regular projections going forward.

Please let me know if you have any questions.

Redacted by HELP

Executive Director
Online Finance Counseling Operations
Grand Canyon University
Redacted by HELP

From: Redacted by HELP
Sent: Thursday, September 03, 2009 8:00 AM
To: Redacted by HELP
Subject: 2008 Cohort Projections

Redacted by HELP

Here are the projected rates for the 2008 Cohort Year that will end on September 30, 2009. The Official 2007 CDR will be published on September 14, 2009.
The first 3 year calculation will be published in 2012 (for the 2011 CDR). While we will probably look good for two more years, (because it will still only show 2 year rate) the information can be misleading if not understood properly. The 2011 CDR will go back and include 2009 & 2010 rates so what we do now to keep these students in good status is more important than ever. I hope this makes sense. I will be able to provide more data in the future in a better format if you will need ongoing updates. Let me know and I will be more than happy to provide information on our efforts as we get the program really going.

Redacted by HELP Committ and Redacted t were the only guarantors that could provide me with hypothetical 2008 3 year CDR Rates.

	2008 Projected 2 YR CDR	2008 Projected 3 YR CDR

Redacted by HELP Committee

*The actual rate will be weighted so there will be a variance because Redacted by HELP Committee will have most of the volume for which these percentages will be calculated.

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Financial Aid Customer Service Manager

Grand Canyon University
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From: Redacted by HELP
Sent: Tuesday, June 15, 2010 6:51 AM
To: Dan Bachus
Cc: Christine Linderson
Subject: RE: CDR Forecaster

Dan, I heard discussion a while ago about this but nothing recently. Have you heard anything recently in an article or something?

Here is a partial calculation for GCU using one of our guarantors (Redacted by HELP). I can do more work on the total loan volume if you need me to. In addition, I will start working on the 3-year rate projections as a side-by-side comparison with the current 2 year rate.

Delinquent = 61
Default = 34
Deferment = 104
Forbearance = 74
Total Not Making Payments = 273

Total borrowers in repayment = 902

If the DOE were to count everyone above as not making a payment then GCU's active repayment rate would be 69.7% (273/902 = 30.3%). This means 30.3% of the borrowers are not making payments and 69.7% of borrowers are making payments.

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Financial Aid Customer Service Manager

From: Dan Bachus
Sent: Monday, June 14, 2010 11:58 AM
To: Redacted by HELP Christine Linderson
Subject: Re: CDR Forecaster

Reda not sure if you are aware but the DOE has been talking about an active repayment calculation. I think it is the 3-year cohort default rate plus students in forebearance and deferral. Is there any way to calculate our most recent amount?

From: Redacted by HELP
To: Christine Linderson; Dan Bachus
Sent: Mon Jun 14 07:36:21 2010
Subject: CDR Forecaster

I am working on the CDR Forecaster this morning. Top priority!!!

Redacted by HELP **Grand Canyon University**
Financial Aid *Customer Service Manager*
Redacted by HELP