

KU 000011687

Keiser University

Training Manual

Default Aversion

Default Management – Phase I

2008 Cohort

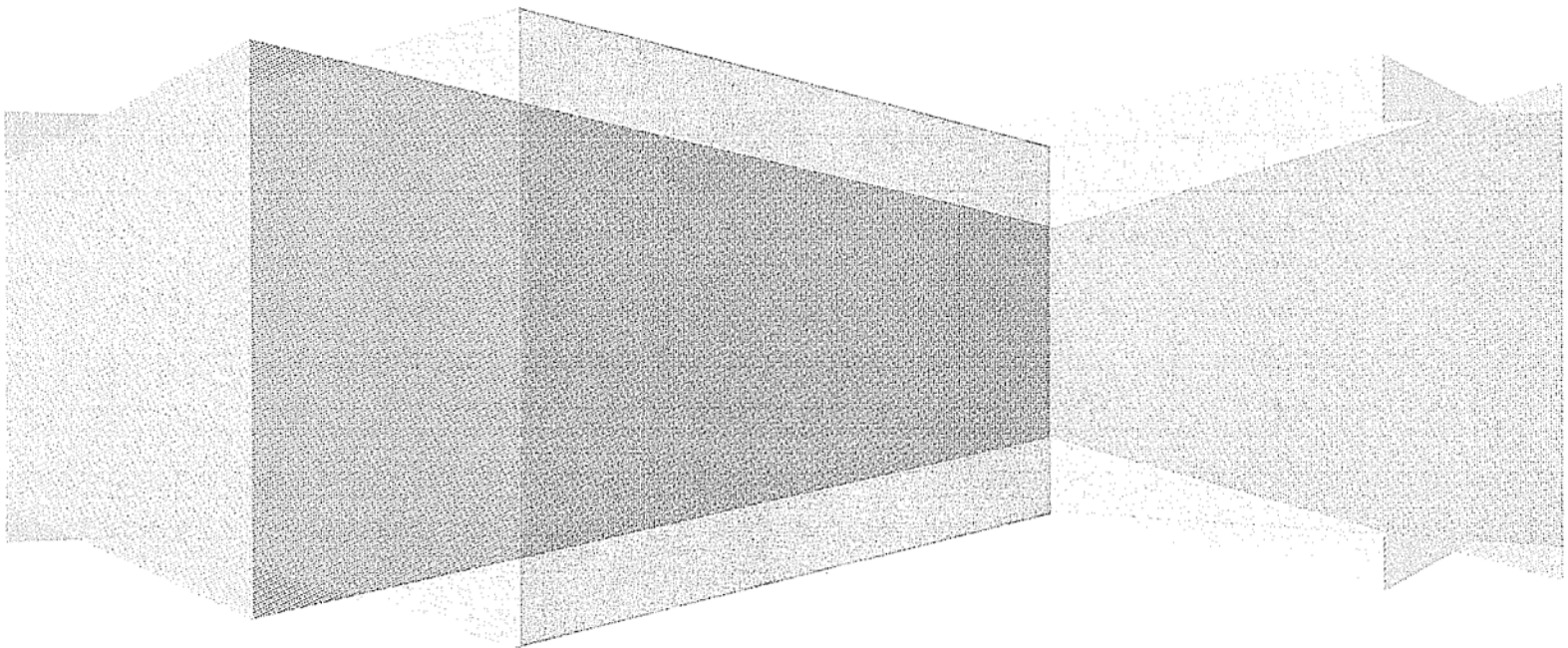


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Overview

Our goal is to bring the account to a current status through collection of the full past due amount, partial payments to reduce the delinquency or a combination of payments, forbearance, or deferment time. All accounts are pre-default. Strong emphasis is placed on claims aversion. Standard procedure for the loan is to default anything over 270 days past due. Because we are working on behalf of the school, we will not be taking payments directly from the borrowers. All discussion in regard to payments will lead to a conference call with the lender so the borrower can make their payments. All forbearance and deferment forms will be received by *is group* and forwarded to the lender/servicer and Keiser University.

Goals

Our goal is to cure each loan through cash payments, deferment or forbearance. This is a “cure” program. Loans need to be cured prior to reaching 270 days delinquent. Our objective is to obtain “best in class default aversion” by curing and maintaining a cohort default level of less than 13%.

Knowledge

1. The ***lender*** is the bank or other financial institution, where the borrower obtained the loan.
2. The ***servicer*** is an organization that processed payments, deferments, forbearances, and other correspondence for the loan.
3. The ***guarantor*** is an organization that used federal money to reimburse lenders for defaulted loans.

Loan Types

- a. Stafford Student Loan (SSL) or Guaranteed Student Loan (GSL)
 1. Have six month grace period
 2. Interest subsidy benefit. Government pays interest while in school, during grace period, and any authorized deferment period.
- b. Supplemental Loan for Student (SLS)
 1. No grace period
 2. No interest subsidy benefit
- c. Consolidation Loan
 1. Borrower with over \$5000 in total guaranteed student loan (SSL, SLS,) can get loans consolidated.

The Lender Requests Assistance (LRA) is a notice that the lender files with guarantor when the loan is 120 days delinquent. Once a loan is brought current the lender is required to cancel the LRA.

Department Specifics

(See additional definitions in glossary section.)

- SIF are not taken on any account.
- All accounts in repayment are placed at *i3 group*. Default proceedings start at 270 (9 months), accounts will stay in *i3 group* until a claim is filed or when the loan reaches 360 days (12 months) delinquent.
- Borrowers are reported to the Credit Bureau 90 days from the delinquency date. (Servicer) reports the original loan amount, original disbursement date, current balance of each loan, and status of loan including delinquency and when loans are completely repaid by borrower or guarantor.
- Minimum payment plus late charges will take 30 days off delinquent days.
- Payments received are first applied to late fees, interest and then principal.
- For 10-day payoff, this amount includes all accrued interest plus 10 days of future interest.
- If borrower mailing payments to (servicer), payment needs to be sent 3-5 business days prior to due date.
- Internet payments take a minimum of 2 days for (servicer) to process.
- Payments under forbearance can be done, however the payments are applied to interest and collection fees then principal.

FAQ

What is delinquency?

Delinquency is the failure to make monthly loan payments on time as scheduled. Loans are considered to be delinquent when one payment is missed.

Why is delinquency bad?

Delinquency can be reported to all national credit bureaus and could impact financing any future purchases, such as home or automobile. All payments for student loans are listed on credit reports. Borrowers are also charged late fees. Borrowers are subject to default if payment obligations are not met.

What is default?

Default is when a borrower is delinquent for 270 days.

Why is default so serious?

Loan default can have long-lasting or permanent consequences. If a borrower is delinquent and defaults on their loans:

- Default can be reported to all national credit bureaus and could impact financing of any future purchase, such as home or automobile.
- The cost of the loan can increase with the addition of late fees and other charges.
- Borrowers can lose their entitlements to deferments or forbearance options.
- Borrowers can lose their eligibility for future student financial aid.
- Borrower's wages can be garnished.
- Borrowers IRS refunds can be seized by The Department of Education.
- Borrowers can be sued for the balance of their loan.

Primary Talk Off

Hello, my name is _____ I am calling regarding the student loans you received while attending Keiser University. Our records indicate that your student loan is currently over 120 days delinquent. Are you aware that once you reach 270 days delinquent your loans will fall into default? PAUSE

There are a number of consequences once your loan(s) fall into default, such as ... (Go over a few from list below).

Consequences of default

1. Full balance of the loan due immediately.
2. You will be charged collection fees.
3. You may be eligible for administrative wage garnishment.
4. The Government will look to intercept your tax returns (tax offset).
5. Your Credit Bureau Report will reflect a defaulted student loan.
6. The balance will continue to increase as there is no statute of limitations on student loans.
7. Professional licenses may be denied for renewal,
8. No Title IV funding for additional schooling will be available
9. Grades and transcripts may be withheld.
10. Immediately lose the privileges of forbearances/deferments and minimum monthly payments.

Obviously catching up on your payments is the best option for you to bring your account current. However, this is not your only option. I am sure you're getting numerous calls from your lender and/or collection departments regarding re-payment of your loan(s). Your lender's main objective is to bring your loan current and avoid default by paying the past due amount. Because the lender is more concerned with recovering their funds, they might not have given you all of your available options. I would like to take a moment and describe the other options available to you that do not require you to make a payment.

As you were instructed in your exit interview you have many deferment and forbearance options available to you that will place your loan payment on hold until you are able to resume your monthly payments. This is your legal right when borrowing Federal Stafford loans.

Have you, in the past, put your loan into a forbearance state?

If yes; for how long was your forbearance?

If less than 12 months; same as below

If no; by simply contacting your lender/servicer you can make a request that can last up to 12 months. By doing so you would remove the current risk of default and have an opportunity to improve your financial situation so you can make your scheduled monthly payments.

Payment vs. Forbearance

If the borrower is unable to commit to any monthly payments, is eligible for forbearance and is interested in the forbearance option, first go over the benefits of payments vs. forbearance. Below is the pro's of payments and the con's of forbearance:

Cash

- Paying down your loan balance
- Account remains current
- Interest does not capitalize
- Credit report remains in good standing
- Regular on time payments makes you eligible for interest rate reductions
- Your loan is not assessed late charges or collection fees

Forbearance

- Increases your loan balance
- Interest is capitalized
- Extends the life of your loan
- Can have a negative effect on credit report
- Limited amount of time available

Disputes

It is not uncommon for borrowers to dispute their student loans. Many times borrowers are not satisfied with their education; they did not finish their course or claim bankruptcy. Per the Master Promissory Note (MPN) the following terms apply:

Loan cancellation- I understand that the terms of a full or partial loan cancellation depends on when I request the cancellation.

- I may cancel all or part of my loan by informing my school within 14 days after my school sends me a disbursement notice or by the 1st day of the schools payment period, whichever is later.
- Any time within 120 days of disbursement, I may pay back all or part of my loan. The loan fees will be reduced or eliminated in proportion to the amount returned.

Loan Discharge

- My loans will be discharged if documentation of my death is submitted to my lender.
- If my physician certifies that I am totally and permanently disabled. I may not receive a discharge due to total and permanent disability based on a condition that existed before I applied for that loan, unless a physician certifies that the condition substantially deteriorated after the loan was made.
- My loan will not automatically be discharged in bankruptcy. In order to discharge a loan in bankruptcy, I must prove undue hardship in an adversary proceeding before the bankruptcy court.
- The lender, guarantor, nor the Department of Education vouches for the quality or suitability of the academic programs offered by participating schools. I must repay the loan even if I do not complete my education, I am unable to employ in my field of study, or I am dissatisfied with the, or do not receive, the education I paid for with the loans.

If the borrower is disputing any of the mention above, advise them of the Borrowers Rights and Responsibilities Statement listed in the master promissory notes, and advise of the default consequences. Make the borrower aware that they should make payments while disputing to avoid default.

Bankruptcy

- If the debtor filed bankruptcy (chapter 7) before 1998, they are able to have the loan discharged. However, their account must have been in **active repayment** (meaning no forbearance or deferment time used at all) for **seven years** prior to the bankruptcy.
- Most (99.9%) of loans will not qualify for discharge under bankruptcy.
- SM puts your account in a bankruptcy claim status until your loan is discharged. Sometimes it can take years to complete. However, the account does accrue interest while in a bankruptcy status.

Deceased Information

- Servicer needs the **original** death certificate for the guarantor, the one with the raised seal
- Also required is the city, state, date of death, hospital or funeral home that handled the matter and the contact person.
- That should be mailed to *is group* and forwarded to the servicer.

About i3 Group

The i3 Group provides Supplemental Default Aversion Services on behalf of colleges and universities and supplement the services provided by the Lender or Guaranty Agency to the student borrower.

Our mission is to help students understand the consequences of default and avert it. Our Default Aversion Counselors are trained to understand each student's specific issue and to help them navigate the myriad of forms, rules, and regulations that will help keep the loans from becoming more seriously delinquent or even default.

THIS IS A SERVICE TO YOU FROM KEISER UNIVERSITY.



YOUR DEFAULT

AVERSION

COUNSELOR CAN BE

REACHED AT

Redacted by HELP Com

CALL TODAY AND

AVOID DEFAULT.

The information contained in this brochure is for informational purposes and is not a comprehensive guide. It does not replace any of the provisions of the terms of your student loan agreements. The advice provided here is intended as a service to the student and does not constitute legal opinion.



**YOUR FEDERAL
STUDENT LOAN IS
SERIOUSLY
DELINQUENT.**

**AVOIDING DEFAULT IS
EASY!**

**CALL TODAY!
AVOID DEFAULT
TODAY!!**

FACTS ABOUT YOUR FEDERALLY GUARANTEED STUDENT LOAN

1. YOUR STUDENT LOAN IS A LOAN, NOT A GRANT. IT MUST BE REPAYED.
 2. INTEREST ACCRUES ON YOUR STUDENT LOAN.
 3. WHEN THE 6-MONTH GRACE PERIOD ENDS, YOU MUST START REPAYMENT OF YOUR LOAN.
 4. DEFAULT MEANS THAT YOU HAVE DEFAULTED ON A FEDERAL LOAN. YOU WILL BECOME LIABLE FOR ACTIONS AVAILABLE TO THE FEDERAL GOVERNMENT FOR COLLECTION.
- YOUR RIGHTS AND RESPONSIBILITIES**
1. YOU HAVE THE RIGHT TO DEFERMENT AND FORBEARANCE.
 2. TO QUALIFY, YOU MUST ACT TIMELY AND GET APPROVAL FROM THE LENDER/SERVICER.
 3. YOU HAVE THE RIGHT TO LOAN CONSOLIDATION & REHABILITATION.

EXPLANATION OF TERMS DEFERMENT - IS A TEMPORARY POSTPONEMENT OF PAYMENTS FOR REASONS SUCH AS BEING BACK IN SCHOOL OR MILITARY SERVICE.

1. NO MORE PAYMENT ARRANGEMENTS - ENTIRE BALANCE BECOMES DUE IN FULL.
2. NO MORE DEFERMENT & FORBEARANCE.
3. CREDIT BUREAU REPORT - DEFAULT IS REPORTED TO THE 3 MAJOR CREDIT BUREAUS (EXPERIAN, EQUIFAX, AND TRANS UNION).
4. NO MORE FEDERAL LOANS - YOU ARE NO LONGER ELIGIBLE FOR ANY OTHER FEDERAL LOANS OR GRANTS INCLUDING VA OR FHA HOME LOANS.

SOME CONSEQUENCES OF DEFAULT

5. WAGE GARNISHMENT - IF YOU ARE EMPLOYED, UP TO 25 PERCENT OF YOUR WAGES CAN BE GARNISHED WITHOUT A COURT ORDER.
6. LITIGATION - YOU MAY BE SUED FOR REPAYMENT WITH LIENS PLACED AGAINST YOUR ASSETS.
7. NO STATUTE OF LIMITATIONS.
8. FEDERAL TREASURY OFFSET - YOUR STATE AND FEDERAL TAX REFUNDS AND OTHER FEDERAL PAYMENTS WILL BE WITHHELD UNTIL THIS LOAN IS PAID IN FULL.
9. FEES & COSTS - UP TO 25 PERCENT IN COLLECTION FEES CAN BE ADDED TO THE BALANCE.
10. ACCOUNT REFERRED TO COLLECTION AGENCIES.

Redacted by [REDACTED]

YOU CAN AVOID DEFAULT TODAY BY TAKING SOME SIMPLE STEPS. CALL 1-800-368-6868 (Group's Default Avoidance Counselors toll free)

DO NOT JEOPARDIZE YOUR FINANCIAL FUTURE!

i3 group 2009 Cohort Work Activity

Account Age	Letters (By Days)	Emails (By Days)	Calls (by call type)	Objective	Letter/Email Content
Grace Period	60, 120	30,90,150	No Calls Until IVR at 160	Contact student to get current contact information as well as to confirm student in position to pay when repayment begins	Introduction to i3 group; reminder when repayment begins; request for current contact information via call or e-mail
0-30	1	15	IVR; predictive dialer	Leave message to encourage student to call in to confirm current contact information as well as to ensure student understands loan is in repayment and first payment late	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
31-60	31	45	IVR; predictive dialer	Leave message to encourage student to call in to confirm current contact information as well as to inform student that loan is delinquent at least one payment	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
61-90	61	75	IVR; predictive dialer	Leave message to encourage student to call in to confirm current contact information as well as to inform student that loan is delinquent at least two payments	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
91-120	91	125	Dialer Campaign Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan in delinquent at least three payments/counsel on forbearance/deferment	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
121-150	121	155	Dialer Campaign Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan is delinquent at least four payments. Initiate conference call to servicer to "cure" account.	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
151-180	151	185	Dialer Campaign; Skip Waterfall; Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan is delinquent at least five payments. Initiate conference call to servicer to "cure" account.	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
181-210	181	215	Dialer Campaign; Skip Waterfall; Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan is delinquent at least six payments. Initiate conference call to servicer to "cure" account.	Introduction to i3 group; reminder that repayment started and payment late; request for current contact information via call or e-mail
211-240	211	245	Dialer Campaign; Skip Waterfall; Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan is delinquent at least seven payments. Initiate conference call to servicer to "cure" account.	Introduction to i3 group; URGENT reminder that repayment started and payment late; request for current contact information via call or e-mail
241+	241	270	Dialer Campaign; Skip Waterfall; Manual Skip Effort	Contact student to get current contact information as well as to confirm student understands loan is delinquent at least eight payments. Initiate conference call to servicer to "cure" account.	Introduction to i3 group; URGENT reminder that repayment started and payment late; request for current contact information via call or e-mail