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We can show you how to make
cost-to-education in even the
toughest economic

**Default Management and FA
Status Update**

January 15, 2010



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SC-HELP-015266

Default Status Summary

Objective	Recent Accomplishments	Next Steps
CDR data accuracy	Campus level NSLDS detail available for CDR analysis	Complete. Review revised estimates today
Launch GRC borrower outreach to reduce defaults	Started Dec 29. All 2008, 09, & 10 cohort data w/ GRC. 2008 contract ready	Gain CAR approval for 2008 3 rd year and begin default prevention work
Develop over-arching communication plan. Focus on good contact detail to 'Stay in Touch'	<ul style="list-style-type: none"> • Verify contact details at beginning of each term • Capability for video/links in Regent student portal • Auto-generated contacts 	Document checklist requirements (Feb 26); [OPEN] Resolve SAP calculation associated with program changes
XPlane assistance with communication plan	Design work started and high level concepts discussed	Review drafts and finalize in Q1
Hire Default Manager	Job description written & posted. Interviews started.	Evaluate candidates for hire (Feb)

2008 CDR Estimate

*NSLDS data is expected to more accurately
reflect realistic CDR results*

REDACTED

Forward Looking CDR Estimate

REDACTED

Student Financial Services 4



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**FINANCIAL AID
DEFAULT MANAGEMENT**

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SC-HELP-015272

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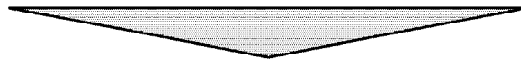
STRAYER'S DEFAULT MANAGEMENT GOALS

Meet all regulatory requirements

- **Provide entrance and exit counseling to borrowers**
- **Report timely and accurate enrollment information to the DOE**
- **Share satisfactory academic progress information across campus**

Reach target CDR rates

- **2 year rate = 5%**
- **3 year rate = 10%**



Approach: develop comprehensive strategy to help student avoid defaulting on Title IV student loans

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GOALS FOR Q1 2010

Hire full-time Default Management Manager by end of February

Implement GRC relationship

Access NSLDS borrower data

Develop strategy and project plan for end-to-end default management approach

- **Implement first phase**

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STATUS UPDATE

Goal	Recent activities	Next steps	
Hire Manager of Default Management	Job description written	Continue outreach to contacts	
	Position posted on.....	Continue advertising of position	
	Informed key contact at guarantors, GRC, and Regent		
Implement GRC relationship	Contract <ul style="list-style-type: none">• Paperwork initiated for request for contract authorization for 2008 borrower program	Contract <ul style="list-style-type: none">• Gain approval for contract authorization for 2008 borrower	
	Data hand-off <ul style="list-style-type: none">• Initial hand-off for 2009 borrowers complete	Data <ul style="list-style-type: none">• Hand-off initial 2010 data (this week)• Hand-off 2008 data when contract finalized	
	Borrower outreach <ul style="list-style-type: none">• Begun for 2009	Borrower outreach <ul style="list-style-type: none">• Begin 2010 outreach, then 2008 outreach	
		Transition from Fast-Track program to full program	

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STATUS UPDATE

Goal	Accomplishments to Date	Next steps
Access NSLDS data	Registered for logins for each campus Downloaded full borrower files for 2008-2010 for all campuses	
Create end-to-end plan	Research of regulations Research of industry best practices <ul style="list-style-type: none">• DOE/FSA/NASFAA research• Conversations with GRC, Regent, guarantors, etc. Identification of potential strategy elements and student touch-points Outline of potential key message	Creation of detailed plan and phases <ul style="list-style-type: none">• Initiation of Phase i Continue to integrate default management into Regent configuration Writing and distribution of “short-term” talking points XPLAIN meeting

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INITIAL PLAN ELEMENTS (I)

Collect updated contact information as frequently as possible, for future outreach

- Determine all student contacts when students should be asked to review and update contact information [note: student FA record will be integrated with Strayer 360 record]
- Determine all opportunities for students to update reference information
 - At least at every re-pack
 - Add a step to confirm references? (e.g., postcards)
- Ask students for permission to contact via cell-phone (Per _____, GRC)

Identify all touch-points to deliver default management prevention messages throughout student life-cycle

- Admissions activities: talking points for Admissions, Business Office, Campus Directors (are we as clear up-front about full cost of education as we should be?)
- FA touch-points: entrance counseling, disbursement, exit counseling
- Retention touch-points: New student orientation, Student support outreach
- At-risk touch-points: Student counseling, withdrawal (do we check contact information at withdrawal), academic probation and FA probation points
- New Student Orientation
- Academic points: In Bus 100, integrate personal finance module in Introduction to Business?
- Create online personal finance module that we require, or Incent, students to complete
 - E.g., If complete during before mid-term, get \$XX in textbook vouchers, or entered into a drawing

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INITIAL PLAN ELEMENTS (II)

Determine key message and “communication tool” at each touch-point

- **Ensure consistent end-to-end message from admissions through GRC**
- **Meet all regulatory requirements**
- **Ensure students have all information they need to be successful**
 - **Balance, lender contacts, GRC contacts, Strayer contacts, rights and responsibilities, understand the role of each player, their options to avoid default, etc.**

Evaluate potential vendor products to support effort, such as

- **USA Funds Life Skills, USA Funds Debt counselor, Repay Ready Service, Sallie Mae Education Planner**

Consider other policy changes

- **FA: Consider asking each student whether he would like to package just up to direct costs or full-costs**
- **Transcripts: Can we hold transcripts until exit counseling complete?**

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POTENTIAL OVERARCHING MESSAGE

Student loans can help you meet your educational goals.

But, once you leave school (or drop below ½ time), they must be repaid.

Not repaying your loans leads to default, which has very bad consequences.

- **Default is....**
- **Consequences are....**

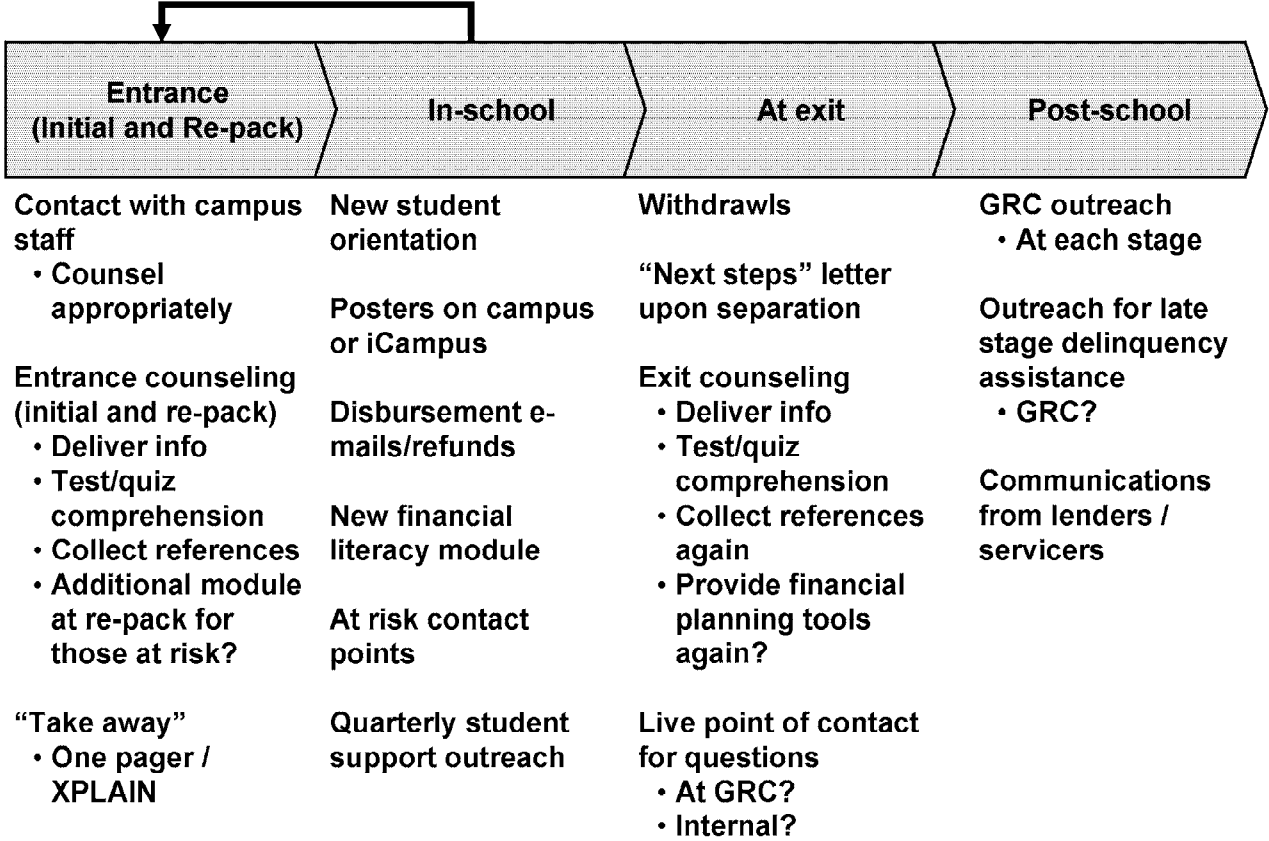
You NEVER, EVER have to default on your student loans. You have options and Strayer will help you, even after you leave us. To help us help you:

- **Contact us (GRC) if you ever get in trouble**
- **Update us if you move (and here's how) and we'll find you if you get in trouble**

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MUST IDENTIFY ALL OPPORTUNITIES FOR COMMUNICATING DEFAULT PREVENTION MESSAGES TO STUDENTS



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DEFAULTING ON STUDENT LOANS HAS MANY NEGATIVE CONSEQUENCES

Government can

- **Offset your federal and/or state tax refunds**
- **Garner your wages (can take 15% of your disposable income)**

The whole balance becomes due immediately...

- **You are no long eligible for deferments, forbearances, or attractive repayment plans (esp. ones based on your income)**

You may have to pay additional collections fees

You may be sued for the balance of the loan

Credit rating will suffer, making it hard to get car loans, mortgages, etc.

You will not be eligible for student loans in the future

Generally speaking, federal student loans will not be discharged in bankruptcy

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NO REASON FOR STUDENTS TO DEFAULT Three Main Options

Deferment

- **This is an entitlement -- if student meets certain criteria (unemployment, back in school, active duty), they will qualify**
- **Loans will be put “on hold”**
- **For subsidized loans, interest will not accrue to the student**

Forbearance

- **Lender discretionary suspension of payments in 6-12 month intervals**
 - **Interest does accrue**
- **Most lenders grant suspension of payments for 2-5 years**

Income-Based Repayment Plan

- **Description:**
- **Very cumbersome to qualify, so GRC never recommends in alone. Will apply in conjunction with deferment or forbearance**

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IDEAS FROM DOE BEST PRACTICE MODULE

Finding: “In a study of defaulters at the University of Illinois, Chicago, the most frequently cited reason for default was lack of information.”

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SIGNS ON CAMPUS:

The Pennsylvania Higher Education Assistance Agency (PHEAA) hired an ad agency to spearhead its default aversion campaign. The campaign includes posters, picture postcards, a website, and an 800 number. The messages include technical information, such as keeping the account current, and more general help, such as how to dress for a job interview. At registration time on campus, PHEAA distributes posters of a belly tattooed with the word “defaulter.” The posters say “Funny how it seemed like a good idea until you realized it will be with you for ever.” Contact

Source: Ensuring Student Loan Repayment: A National Handbook of Best Practices, Oct 2-4, 2000, by the DOE

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