

THE BEST DEFENSE IS A GOOD OFFENSE.

Federal regulations are not enough to prevent default, which is why College Assist goes above and beyond standard regulations for default aversion. Our efforts involve proactive solutions that help borrowers understand their repayment obligations and find customized repayment options to fit their situations—all while lowering default rates.

We help schools by subsidizing the default fee for Stafford and PLUS loans, contacting borrowers in grace to counsel them on the specifics of repayment, approaching delinquent borrowers with a counseling philosophy and presenting solutions that bring their loans current.

The most critical time frame for a borrower is the first two years (during the cohort period). While federal regulations concentrate on those first two years of repayment, College Assist focuses on the life of the loan—keeping a constant dialogue open with our borrowers and schools. This practice helps us counsel delinquent borrowers, allowing us to provide long-term solutions to strengthen their financial wellness.

We initiate default prevention efforts at 60 days delinquent, which is 60 to 120 days sooner than other guarantors. Our efforts begin with a weekly phone call or e-mail to the borrower and are followed by letters prompting them to call and resolve their delinquent loan. If letters are undeliverable or phone numbers are incorrect, our team looks to references, directory assistance, Internet searches, motor vehicle departments, employers and even *MySpace* and *Facebook* in an effort to reach the borrower—efforts unique to College Assist.

College Assist has also negotiated a Voluntary Flexible Agreement (VFA) with the Department of Education, allowing us to increase the focus and resources put toward default aversion. We have discovered through research that the response rate is higher when borrowers receive communications from the school as

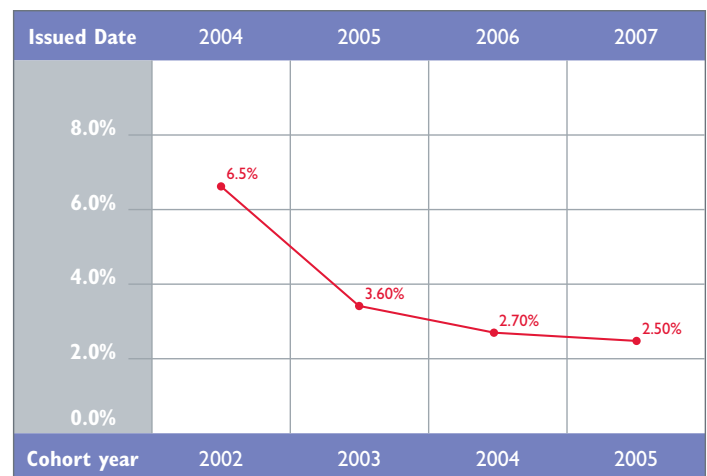
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opposed to the guarantor, and that borrowers who leave school without receiving a degree are at the highest risk of defaulting. For these reasons, we have formulated financial literacy and early outreach programs that specifically address the needs of this population.

College Assist is an industry leader in achieving well below the national average default rates—boasting the lowest default rate of any guarantor in the Western United States.

College Assist has continually reduced its cohort default rates by performing much higher due diligence than regulatory standards require and constantly seeking out new ways to educate borrowers about their rights and responsibilities.



NEW REGS THAT AFFECT YOUR POLICIES & PROCEDURES

Mark your calendars for July 1, 2008.

The final regulations released November 1, 2007, are effective as of July 1, 2008, but some of the provisions may be implemented early. College Assist has identified a few of the provisions that could affect your school's policies and procedures.

Notification of loan disbursement and the right-to-cancel time frame changes

The new final regulations modify the time frames in which a school must notify federal student loan borrowers of amounts and dates of disbursements, and the process to cancel all or a portion of the loan(s). These time frames are based on the type of award confirmation utilized.

DID YOU KNOW...

The average tuition, room and board at the nation's four-year private colleges and universities for one academic year (2005-06) averages \$36,510—more than double the corresponding 1990 figure.

Source: Upcoming Statistical Abstract of the United States: 2008

Institutions that have an active confirmation process for the acceptance of federal loan awards are still allowed to notify borrowers of the types and amounts of loan funds disbursed no earlier than 30 days before and no later than 30 days after the disbursement of the loan funds. Active confirmation can be a signed Award Letter or acceptance via a secure Web site.

Schools that use a passive confirmation process may notify borrowers of the disbursement as early as 30 days prior to disbursement, but the allowed post-disbursement time frame

has been shortened from 30 days to 7 days. The final rules also amended the time frame within which a school must honor a borrower's request to cancel all or a portion of a loan that was certified based on passive confirmation of an award. Now, schools must allow borrowers to submit a loan cancellation request for 30 days from the date they are notified of the right to cancel. These changes can be implemented prior to July 1, 2008.

Modifications to the prior-year charges paid with current-year Federal Student Aid (FSA)

The new final regulations allow a school to use current-year FSA funds to pay up to \$200 of prior-year charges (tuition, fees, room and board), without a student's authorization. The provision has been eliminated that allowed a school to obtain the student's (or parent's) consent to pay prior-year charges of greater than \$100 as long as it did not prevent the student from paying current educational costs. These changes can be implemented prior to July 1, 2008.

Changes to loan period time frames

A loan period is the period of time that a student is enrolled in classes and intends to use the proceeds of a Stafford or PLUS loan. The loan period must coincide with a bona fide academic term established by the school during which school charges generally are assessed, such as a semester, trimester, quarter, specified length of the student's program or the school's academic year. The new regulations modify the minimum and maximum allowed loan periods.

For standard term programs, the minimum loan period remains the term. For non-standard term credit hour programs that are at least nine weeks in length and substantially equal, the term now equals the minimum loan period. This change is effective for all first disbursements made on or after July 1, 2008. For all other programs, including clock-hour and non-term credit hour programs, the minimum loan period remains the shorter of the length of the student's program at the school, the school's academic year or the student's remaining period of enrollment for the program of study at the school.

As of July 1, 2008, the 12-month maximum loan period is eliminated. Non-term and non-standard term programs must still use the academic year definition, but can certify a loan for a period that exceeds 12 months. This change potentially could cause additional issues related to overlapping loan periods and academic years. Additional guidance from the U.S. Department of Education (ED) is needed.

Treatment of FSA funds when a recipient does not begin attendance

New regulations for all FSA types covered under the general provisions give guidelines for any situation in which a student does not begin attendance. The Academic Competitiveness and SMART Grants are to follow the current rules for grant and Perkins Loan funds, which remain unchanged. A school must return all grant and Perkins funds for any student who fails to begin attendance.

Although a school is not responsible for returning loan funds disbursed directly to a student, under the new provisions a school must return all funds credited to a student's account for the payment period in which they did not begin attendance. Schools must also return the amount of payments made directly by or on behalf of the student, up to the total amount of disbursement once they determine the student did not begin attendance. If the school delivers funds to a student after learning the student would not begin attendance, the school is responsible for returning all the funds to the lender. The school must immediately notify the lender if a student receives loan funds and does not, or will not, begin attendance so the lender can issue a final demand letter. Although "immediately" is not defined, ED has stated that it should be considered to mean within 30 days of determining that the student never attended. This lender reporting requirement is in addition to the enrollment reporting requirements in 34 CFR 682.610.

These funds must be returned no later than 30 days after learning that the student did not, or will not, begin attendance. Note that this return time frame is shorter than the 45 days schools are allowed for Return of Title IV after a student withdraws.

DID YOU KNOW...

The average annual earnings of workers 18 and older with an advanced degree in 2006 is \$79,946. This compares with \$54,689 a year for those with bachelor's degrees, \$29,448 for those with a high school diploma only and \$19,915 for those without a high school diploma.

Source: U.S. Census Bureau Newsroom

Post-withdrawal disbursements

A post-withdrawal disbursement is determined by a required Return of Title IV calculation when a student withdraws from school. All post-withdrawal disbursements must meet current late disbursement conditions.

As of July 1, 2008, schools must disburse post-withdrawal grant funds no later than 45 days after the date of determination that the student withdrew. Because authorization is not required for a post-withdrawal disbursement of grant funds, a school may not delay disbursement of grant funds to determine whether the student wishes to receive them.

The institution must offer the student (or parent for PLUS loans), in writing, a post-withdrawal disbursement of loan funds and obtain authorization prior to posting those funds to the student account—even if the student owes current year charges. The school must send the notification no later than 30 calendar days after they have determined the student has withdrawn. If the student or parent accepts all or a portion of the post-withdrawal disbursement, the school must disburse the funds as soon as possible, but no later than 180 calendar days from the date they determined the student withdrew.

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Cash management—recovery of unclaimed FSA funds

FSA funds must never revert to the state or institution. All unclaimed FSA funds must be returned to the FSA programs. Under the new regulations, time frames have been added for the return of unclaimed FSA funds. A school has a maximum of 240 days to return the funds. Within this time frame, the school may make additional attempts to deliver the funds to the aid recipient. A school has 45 days from the date of the initial attempt to make a second attempt. Additional attempts can be made every 45 days until the funds are returned to the FSA programs. Funds must be returned to the FSA program within 240 days of the initial attempt to deliver. A school that chooses not to make further attempts to disburse the unclaimed funds must return the funds to the proper FSA program within 45 days of the initial failed attempt. Only the federal share of unclaimed work-study funds must be returned to ED.

DID YOU KNOW...

The projected number of students enrolled in the nation's colleges and universities this fall is 18 million. This is up from 12.8 million 20 years ago.

Source: Upcoming Statistical Abstract of the United States: 2008

New rules for GradPLUS loans

A school must determine a student's eligibility for Stafford loans prior to certifying a GradPLUS loan. If a student has not requested the maximum amount of Stafford eligibility before accepting a GradPLUS loan, the school must notify the borrower of the Stafford loan eligibility amount and provide a comparison of interest rates, interest accrual periods and loan repayment time frames for both Stafford and PLUS loans. The school also must give the student a chance to request a Stafford loan.

For all GradPLUS loans disbursed on or after July 1, 2008, the borrower is required to complete entrance loan counseling prior to the first disbursement. Counseling requirements vary depending on the student's prior Stafford borrowing.

If the new GradPLUS borrower has previously borrowed a Stafford loan, the borrower must be provided sample monthly repayment amounts based on the average indebtedness of both loan types. If the new GradPLUS borrower has not previously borrowed a Stafford loan, the loan counseling also must provide an explanation of the use of the Master Promissory Note (MPN); an emphasis on the seriousness and importance of the repayment obligation; a description of the likely consequences of default, including adverse credit reports, federal offset and litigation; and must emphasize the obligation to repay the full amount of the loan even if the student does not complete the program, is unable to obtain employment upon completion or is otherwise dissatisfied with the educational services provided by the school.

Stafford borrowers, who also have borrowed GradPLUS loans, must be provided average anticipated monthly repayment amounts based on the combination of loan types received. Lenders and guarantors are prohibited from providing in-person entrance and exit counseling, but can continue to provide print and online products to assist with loan counseling and other default prevention efforts. These changes can be implemented prior to July 1, 2008.

SPRING FINANCIAL AID TRAINING

Starting this spring, College Assist will again offer its free, four-part workshop series. The series is designed to cover financial aid office work processes from the FAFSA through withdrawal and graduation. Workshops one and two are geared toward new financial aid professionals, focusing on financial aid basics and FFELP. Workshops three and four have been designed for financial aid professionals with a solid knowledge of the topics offered in workshops one and two. We recommend participants plan to attend both workshops to follow the workflow processes to completion.

However, one-day registrations will be accepted.

College Assist training is provided at no cost and each workshop includes a complimentary continental breakfast.

Workshop 1:	From FAFSA to Completed ISIR	February 14, 2008
Workshop 2:	Needs Analysis to Award Letter	February 15, 2008
Workshop 3:	Loan Certification to Disbursement	February 28, 2008
Workshop 4:	Withdrawal to Return of Funds	February 29, 2008

For more information, visit www.college-assist.com. Choose Scheduled Trainings from the Compliance and Training link on the Schools menu, or contact Compliance and Training Officer Julia Alexander at julia.alexander@college-assist.com.

What is a cohort default rate and how is it determined?

It's not a simple formula to memorize, but it's an integral part of the work in every financial aid office. The learning brief on College Assist's Web site will help keep it all straight.

College Assist also offers a thorough entrance and exit counseling presentation. It can be customized to fit your school's needs, but also meets federal requirements, contains additional recommendations and includes speaker notes for your reference. For complete entrance counseling, provide potential borrowers with their student loan indebtedness or on the average indebtedness of Stafford and/or PLUS loan borrowers at your school. For complete exit counseling, add one more step to the entrance counseling requirements—have borrowers complete the Entrance/Exit Forms to collect current borrower information that schools are required to provide to the guaranty agency(s) listed in the student borrower's records, and then submit the information to the guarantor within 60 days.

For more information, visit www.college-assist.com/02_schools_03_financial_04_reference_tools.html.

GET TO KNOW YOUR COLLEGE ASSIST TEAM.



SUSIE TRUJILLO

MANAGER LOAN GUARANTEE OPERATIONS,
COLLEGE ASSIST

Susie Trujillo has been working for College Assist for more than 20 years—and has seen many changes in the industry. She remembers a time when every form was hand-typed, including promissory notes. Carbon copies were the latest technology she and her team worked with, and all customer correspondence was done by mail or phone. Susie's past world is a big contrast from today's environment of online forms, electronic processing and e-mail correspondence.

Managing Guarantee Operations, which handles incoming calls from schools, lenders and borrowers, Susie ensures that all calls are treated with a high degree of customer service. "We have an expected level of customer service our representatives must maintain," explains Susie. "And our customer service is what sets us apart. We provide personal service and recognize that each caller is valuable. We treat all of our customers as a member of our family—giving every call our personal touch."

Some of the most common questions Susie's team answers from borrowers are: "I never picked up the check; therefore, I don't have a loan." "When will I get my money?" "What else do I need to do to get my loan?"

Peak season for Susie's team is fall processing time, June through September. While peak time is a little more stressful for Susie's group, they strive to maintain a personal touch on every call and never lose sight of how important outstanding customer service is to College Assist.

Before managing Loan Guarantee Operations, Susie was a supervisor, team lead, data entry person and a department tester, where she worked with system changes to ensure compliance to current regulations and verified the update worked properly before implementation.

In her free time, Susie enjoys spending time with her family. She has two children in college and one in middle school.

"The level of customer service Susie and her team provide differentiates College Assist from the competition," states Teena Cooper, Director of Client Relations at College Assist. "I frequently receive compliments on her team for going the extra step."



Our Nrichment Committee - Elizabeth Schultz, Rhonda Green and Mitch Martin plan our annual holiday philanthropic event.



Rhonda Green is College Assist's process management and disbursements supervisor.



Patrick Morris helps customers in Default Aversion.



Ron Solt supports customers with questions.



Zach Christensen interacts daily over the phone with schools and borrowers.



Akhi Ray and Anna Howard take a moment out of their busy day.



dedicated

Outlook

College Assist

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