

Lender, Servicer, NSLP Roles in Default Prevention

You are not alone!



Today's presentation

- the default prevention team
- what the team does to prevent defaults
- the team's default prevention track record
- what the team does to skip trace



The default prevention team

- lenders
- servicers
- guaranty agencies



What the Team Does to Prevent Defaults



Delinquency period

- 1 – 15 days
- 16 – 180 days
- 60 – 120 days
- 181 – 270 days
- 240 + days



1-15 days

- notify student of delinquency
- urge payments to eliminate delinquency
- tell student help is available if student is having trouble making scheduled payments
- provide student with lender or servicer's:
 - name
 - telephone number



16-180 days

- notify student of consequences of default
 - loan assigned to guarantor
 - default reported to all national credit bureaus
 - state and federal tax offset
 - wage garnishment
 - federal litigation against student



16-180 days

- notify student of options for avoiding default
 - deferment
 - forbearance
 - income-sensitive repayment
 - consolidation



60-120 days

- lender or servicer notifies NSLP of delinquency
- NSLP immediately assigns account to OSI to begin default prevention efforts



181-270 days

- urge student to make required payments
- again notify student of
 - consequences of default
 - options for avoiding default



240+ days

- lender's final demand letter
 - notify student that
 - loan must be repaid in full
 - default will be reported to national credit bureau
 - give student 30 days to bring loan out of default before default claim filed with NSLP



Default prevention

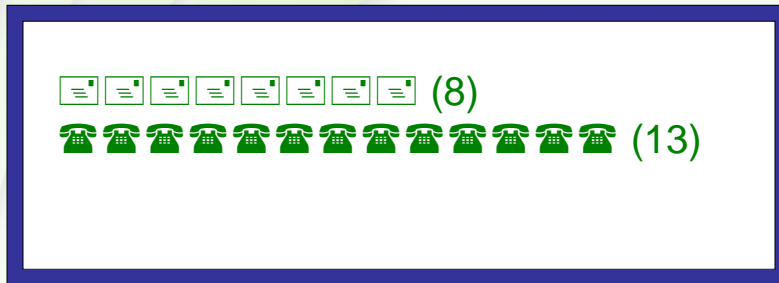
- federally required default prevention actions

A blue-bordered box containing two rows of icons. The top row has six envelope icons followed by the number '(6)'. The bottom row has four telephone icons followed by the number '(4)'.



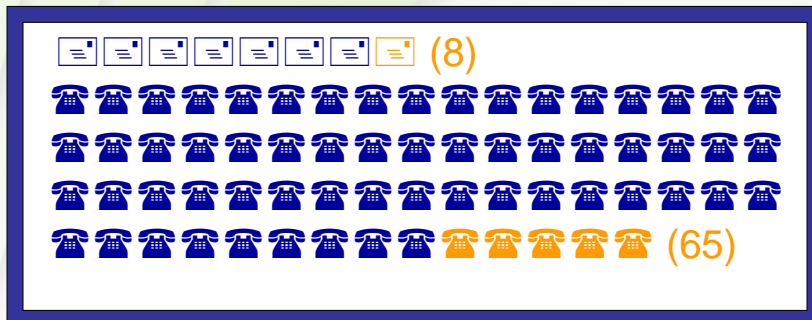
Default prevention

- actual lender/servicer default prevention actions



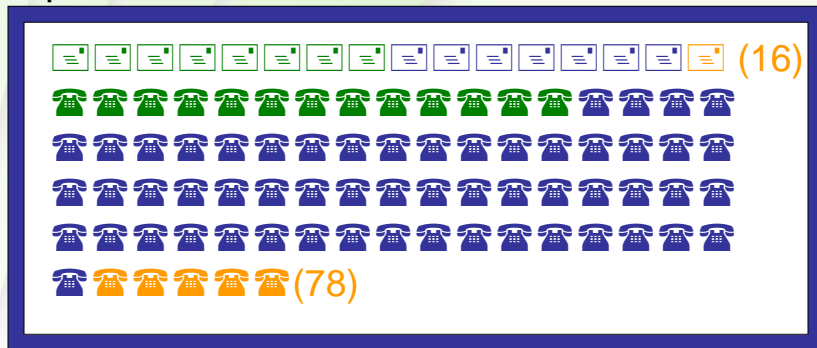
Default prevention

- actual NSLP/OSI default prevention actions



Default prevention

- actual lender/servicer/NSLP default prevention actions

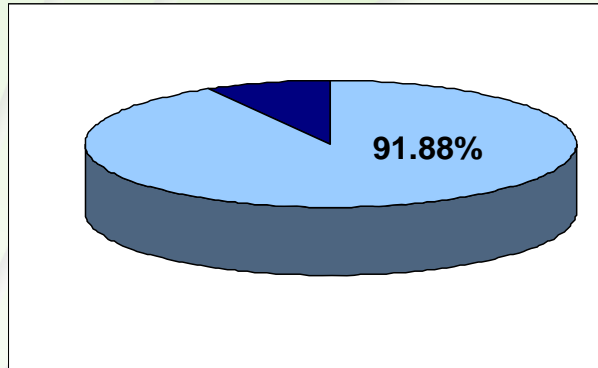


The Team's Default Prevention Track Record



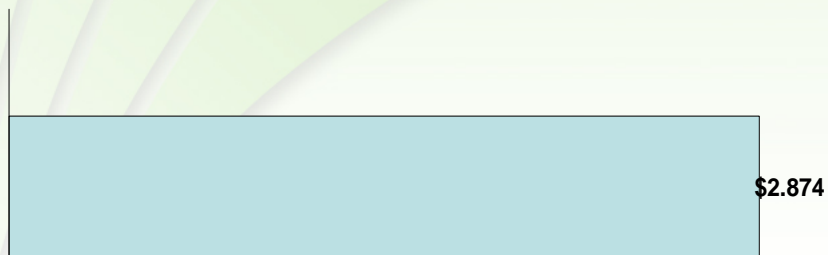
Team track record

- NSLP defaults prevented in last 5 years



Team track record

**Default Dollars Prevented Last 5 Years
(Billions)**



What the Team Does to Skip Trace



Skip tracing

- lender/servicer/NSLP actual skip tracing actions



Skip tracing

- from student's loan file, contact each
 - endorser
 - relative
 - reference
 - other individual
 - other entity



Summary

- the default prevention team engages in complex and extensive default prevention efforts
- the team's success rate is high
- it can be even higher with your help



Questions



Who to contact

- OSI
(list contact info)
- *Lender information:*
contact your lender/servicer



Who to contact

- *Guarantor information:*
National Student Loan Program
1300 O Street
Lincoln, NE 68508
800-735-8778
Brad Eigsti, ext. 6838

