

WELCOME

COHORT:
What is it and How Do I Manage it?

Thursday, August 13, 2009, at 2:00 EST

Moderated by

Pattie Mastin, Account Manager

AGENDA

- What is Cohort
- How to calculate your Cohort Group
- Management of your Cohort Group
- The importance of the Cohort Default Rate

What is Cohort?

It is based on a segment of active loans and the number of borrowers for the purpose of calculating your cohort default rate. A borrower is considered in default when his or her loan is 240 days past due for monthly billing and 270 days past due for quarterly billing.

How do I calculate my Cohort group?

1. **Cohort Group:** the borrowers who went into repayment during the prior fiscal year.
2. **Defaulted Cohort Group:** from the borrowers in your Cohort Group, those who are 240 days past due (quarterly billing is 270 days past due) by the end of the current fiscal year.

$$\frac{\text{Defaulted Cohort Group}}{\text{Cohort Group}} \times 100$$

Example:

- **Current Fiscal Year**: July 1, 2009 – June 30, 2010
- **Cohort Group**: Borrowers who entered into repayment from July 1, 2008 – June 30, 2009
- **Defaulted Cohort Group**: The borrowers in your Cohort Group whose loan is 240 days past due (quarterly billing is 270 days or more past due) by the end of the current fiscal year (June 30, 2010).

Current Fiscal Year: July 1, 2009 – June 30, 2010

Cohort Group: 135

Defaulted Cohort Group: 25

$$\frac{25}{135} \times 100 = 18.52$$

Will my Cohort always be calculated the same?

Cohort will always be calculated as shown, UNLESS a school has less than 30 borrowers in their Cohort group (those who went into repayment the prior fiscal year).

How will Cohort be calculated if I have less than 30 borrowers who entered into repayment the prior fiscal year?

1. **Cohort Group:** the borrowers who went into repayment the past 3 fiscal years.
2. **Defaulted Cohort Group:** from the borrowers in your Cohort Group, those who are 240 days past due (quarterly billing is 270 days past due) in the current fiscal year.

$$\frac{\text{Defaulted Cohort Group}}{\text{Cohort Group}} \times 100$$

****IMPORTANT** – *Those borrowers who were considered in Cohort default for any year, within their three-year calculation, will remain in a school's Defaulted Cohort Group.*

How can I manage my Cohort Default Rate?

1. You may exclude borrowers from your Cohort group when they:
 - Voluntarily make six consecutive monthly payments;
 - Voluntarily make all payments currently due;
 - Repay the loan in full;
 - Consolidate;
 - Receive a deferment or forbearance based on a condition that began prior to the loan becoming 240/270 days past due;
 - Rehabilitate the loan after becoming 240/270 days past due; or
 - Are assigned to the Department of Education under a conditional discharge due to Total and Permanent Disability.

You may also exclude any loan that has been cancelled or paid-in-full because of:

- Death or disability;
- Bankruptcy;
- Closed school discharge;
- Compromise [per 674.33(e)]; or
- Write-off [per 674.47(h)].

*****Payments obtained through income tax offset, garnishment, income or asset execution, or pursuant to a judgment are not considered voluntary.***

Managing Cohort Default Rate, cont.

2. Contact borrowers at an early stage in repayment and delinquency:
 - Entrance and Exit Counseling
 - Reporting Tools –
 - ***Loans to Review for Cohort Default Rate Report*** – Provides a list of all borrowers in your cohort population.
 - ***Projected Cohort Report*** – Provides a list of borrowers who will be in your cohort population the next fiscal year.

Loans to Review for Cohort Default Rate Report:

CAMPUS PARTNERS

00006-001-001-00006 LOANS TO REVIEW FOR COHORT DEFAULT RATE CATEGORY: CURRENT RUN DATE: 07/31/08
 CAMPUS PARTNERS-DEMO UNIV-PERK AS OF 07/31/08 PAGE 1

BORROWER NAME ADDRESS	PROG# AS /AT ST FLIND# LOAN REMARK	LOAN / SEQ NUM PRIMARY PHONE BPOC AGENCY AGENCY	SEP DATE GRACE EX NOTE TYPE PL FO	LOAN AMT LOAN BAL CAP BAL TOTAL BAL	CURR DUE PAST DUE DELO CHG TOTAL DUE	LPMT AMT L PMT DTE ACCR INT ACCR DTE	N PMT DTE L DEF END L CAN END #PMTS/YR	1ST SBILL LST SBILL PL/FO/AGR DFLT/REHAB	ACT/SBIL CE DT ID STOP CODES COMMENT
DEMONSTRATION, BARRY J 12 EASY STREET WS NC 27107	00006 BAD /B	888-02-0066-01 80 000/000-0000	06/01/06 03/01/07 PERKINS I / M	45,000.00 15,000.00- 0.00 15,000.00-	0.00 0.00 0.00 0.00	60,000.00 10/11/06 0.00 10/11/06	04/28/07 00/00/00 00/00/00 000/	00/00/00 00/00/00 // //	0 / 0 * 0-0-0-0-0
DEMONSTRATION, BILL M 123 EASY STREET NEW HAVEN NY 27107	00006 BAD /B	888-02-0100-01 90W 000/000-0000	06/01/06 06/01/07 PERKINS I / M	10,000.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	1,000.00 11/10/06 0.00 09/11/00	07/28/07 00/00/00 00/00/00 000/	00/00/00 00/00/00 // //	0 / 0 * 0-0-0-0-0
DEMONSTRATION, BRAD 24 REYNOLDA ROAD WINSTON SALEM NC 27106	00006 BAD /P	888-02-0090-01 90 336/607-2270	06/01/06 03/01/06 PERKINS I / M	75,000.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 00/00/00 0.00 09/11/00	04/28/06 00/00/00 00/00/00 000/	00/00/00 00/00/00 // //	0 / 0 0-0-0-0-0
DEMONSTRATION, JAN W PO BOX 2901 APT 1231 WINSTON SALEM NC 27102	00006 BAD /P	888-02-0101-01 90 666/444-8787	10/01/04 07/01/05 PERKINS I / M	55,555.55 0.00 0.00 0.00	0.00 0.00 0.00 0.00	55,555.55 06/01/04 0.00 06/01/04	06/28/05 00/00/00 00/00/00 000/	00/00/00 00/00/00 // //	0 / 0 * 0-0-0-0-0
	00006	888-02-0101-02 49 000/000-0000	10/01/04 07/01/05 PERKINS I / M	60,000.00 60,000.00 0.00 60,000.00	0.00 23,018.40 0.00 23,018.40	0.00 00/00/00 249.95 07/31/06	07/28/06 00/00/00 00/00/00 000/2007	00/00/00 00/00/00 // Y1/	1068 / 0 0-0-0-0-0
DEMONSTRATION, NIGEL 112 BEST WAY MOUNT VERNON, OH 27108	00006 600D/P	888-02-0400-01 80 000/000-0000	06/30/06 03/30/07 PERKINS I / M	2,000.00 8,000.00- 0.00 8,000.00-	0.00 0.00 0.00 0.00	10,000.00 01/15/07 0.00 01/15/07	04/25/07 00/00/00 00/00/00 000/	00/00/00 00/00/00 // //	0 / 0 * 0-0-0-0-0
DEMONSTRATION, SARAH SUSAN 888 EIGHTH AVENUE WILLINGTON VA 24112	00006 BAD /P	888-02-0110-01 90 000/000-0000	10/01/04 07/01/05 PERKINS I / M	18,520.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 00/00/00 0.00 09/11/00	06/28/05 00/00/00 00/00/00 000/2007	00/00/00 00/00/00 // N2/	0 / 0 0-0-0-0-0

LOANS BORRS	LOAN AMOUNT LOAN BALANCE ACCRUED INT	CURR DUE PAST DUE	DELO CHG TOTAL DUE	COHORT YEAR BORRS MTHLY 24+ DAYS	2007 / 2008 BORRS ORTLY 27+ DAYS
6	206,075.55	0.00	0.00		
6	23,000.00- 0.00	0.00	0.00	1	0

Loans to Review for Cohort Default Rate Report:

CAMPUS PARTNERS

00006-001-001-00006
CAMPUS PARTNERS-DEMO UNIV-PERK

LOANS TO REVIEW FOR COHORT DEFAULT RATE
AS OF 07/31/08

PROGRAM TOTALS

RUN DATE: 07/31/08
PAGE 11

TOTAL FOR PROGRAM 00006

LOANS BORRS	LOAN AMOUNT LOAN BALANCE ACCRUED INT	CURR DUE PAST DUE	DELO CHG TOTAL DUE	COHORT YEAR 2007 / 2008	
				BORRS MTHLY 240+ DAYS	BORRS QRTL 270+ DAYS
72	1,022,354.56	247.41	186.75		
71	780,442.12	226,493.21	226,927.37	46	0
	88,281.55				

YOUR SCHOOL HAS LESS THAN 30 BORROWERS WHO ENTERED REPAYMENT 07/01/07 TO 06/30/08.

1. NUMBER OF BORROWERS WHO ENTERED REPAYMENT IN:	2. NUMBER OF BORROWERS IN DEFAULT STATUS ON:	3. YOUR RATE IS CALCULATED BY DIVIDING THE TOTAL IN ITEM 2 BY THE TOTAL IN ITEM 1:
2005-06 29	06/30/07 26	
2006-07 20	06/30/06 19	
2007-08 18	07/31/06 1	
TOTAL: 67	TOTAL: 46	ITEM 2: 46 ----- ITEM 1: 67 X 100 = 68.65 %

THE ASTERISK (*) ON THE FAR RIGHT INDICATES LOANS THAT NO LONGER QUALIFY TO BE INCLUDED IN THE DENOMINATOR OF UNDUPLICATED BORROWERS WHO WENT INTO REPAYMENT. A BORROWERS LOAN ENTERED A CLOSED STATUS PRIOR OR EQUAL TO THEIR GRACE EXPIRATION DATE. IF A BORROWER HAS MORE THAN ONE LOAN, ALL LOANS MUST BE IN A CLOSED STATUS PRIOR OR EQUAL TO THEIR GRACE EXPIRATION DATE TO NOT BE INCLUDED AS A BORROWER IN THE COHORT POPULATION (DENOMINATOR).

Loans to Review for Cohort Default Rate Report:

CAMPUS PARTNERS

00005-001-001-00005 CAMPUS PARTNERS-DEMO UNIV-PERK		LOANS TO REVIEW FOR COHORT DEFAULT RATE AS OF 07/31/08							LOANS IN DEFAULT AT A GLANCE		RUN DATE: 07/31/08 PAGE 13	
BORROWER NAME	PROG#	LOAN / SEQ NUM	STATUS	ACT DAYS / SBIL DAYS	DFLT	CHRT YR	REHAB	# PAYMENTS	LST PAY DT	GRACE	EX	
DEMONSTRATION, LOUISE	00005	888-02-0120-01	49C	706 / 0	Y1	2006		000	00/00/00	07/01/06		
DEMONSTRATION, MARK	00005	888-02-0404-01	49C	767 / 0	Y1	2007		001	05/10/06	03/01/06		
DEMONSTRATION, MARLEY	00005	088-80-2406-01	49C	463 / 0	Y1	2006		000	00/00/00	03/30/07		
DEMONSTRATION, MARTHA A	00005	888-02-0097-01	49C	460 / 0	Y1	2006		000	00/00/00	03/01/07		
DEMONSTRATION, MATTHEW JAMES	00005	888-02-0104-01	49C	825 / 0	Y1	2007		000	00/00/00	03/01/06		
DEMONSTRATION, OTIS	00005	888-02-0406-01	49C	463 / 0	Y1	2006		000	00/00/00	03/30/07		
DEMONSTRATION, PAULA JEAN	00005	888-02-0107-01	49	1007 / 0	Y1	2007		000	00/00/00	09/01/06		
DEMONSTRATION, RICHARD G	00005	888-02-0066-01	49C	825 / 0	Y1	2007		000	00/00/00	03/01/06		
DEMONSTRATION, SEAN	00005	000-41-1400-01	49C	722 / 0	Y1			000	00/00/00	06/30/06		
DEMONSTRATION, TONY T	00005	888-02-0093-01	49C	825 / 0	Y1	2007		000	00/00/00	03/01/06		
DEMONSTRATION, TRAINING10	00005	888-02-0419-01	49C	645 / 0	Y1	2006		000	00/00/00	03/30/07		
DEMONSTRATION, TRAINING2	00005	888-02-0412-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, TRAINING4	00005	888-02-0413-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, TRAINING6	00005	888-02-0415-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, TRAINING7	00005	888-02-0416-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, TRAINING8	00005	888-02-0417-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, TRAINING9	00005	088-80-2016-01	49C	645 / 0	Y1	2006		000	00/00/00	09/30/06		
DEMONSTRATION, VICKI ANN	00005	888-02-0094-01	49C	825 / 0	Y1	2007		000	00/00/00	03/01/06		
DEMONSTRATION, WAYNE N	00005	888-02-0102-01	49	1066 / 0	Y1	2007		000	00/00/00	07/01/06		
DEMONSTRATION, WILL S	00005	888-02-0109-01	49C	825 / 0	Y1	2007		000	01/15/07	03/01/06		
GILLETT, CARRIE	00005	147-14-7147-01	49R	737 / 0	Y1			000	00/00/00	06/16/06		
SWAIM, LURIAH HEEP	00005	888-02-0106-01	49C	825 / 0	Y1	2007		000	00/00/00	03/01/06		
O' BRIEN, CARRIE	00005	222-22-2222-01	49C	271 / 0	Y1			000	00/00/00	09/30/07		
TOTAL LOANS -	47	TOTAL BORROWERS -	46									

THE "AT A GLANCE" IS ALL BORROWERS WHO HAVE A Y1, Y2, Y3, OR IE DEFAULT REPAYMENT FLAG. IF YOUR SCHOOL HAS LESS THAN 30 BORROWERS, THE BORROWER TOTAL MAY NOT MATCH THE TOTAL NUMBER OF BORROWERS IN DEFAULT ON THE PROGRAM TOTAL PAGE (ITEM 2). THIS LISTING DOES NOT INCLUDE LOANS COUNTED AS DEFAULTED IN EITHER OF THE PREVIOUS TWO COHORT YEARS AND NO LONGER HAVE A DEFAULT REPAYMENT FLAG OF Y1, Y2, Y3 OR IE.

Managing Cohort Default Rate, cont.

3. Customize your reports:

- Your *Loans to Review for Cohort Default Rate Report* and *Projected Cohort Report* can be customized to fit your needs.

4. Collection Agency Interface:

- Collection Agency Interface is a free service offered that allows you to place loans automatically with the collection agency(ies) of your choice
- Collection Agency reports indicate which loans are in the current Cohort population

5. QuikLetters:

- Sending *QuikLetters* is a good way to inform your borrowers that you and the government are monitoring their loans.
- Customizable to provide your borrowers with the message you want to send them
- Standard *QuikLetters* are available that can be sent before delinquency occurs:
 - *QuikLetter #50435* for Current Loans
 - *QuikLetter #50436* for Past Due Loans
 - *QuikLetter #50437* for Seriously Past Due Loans

QuikLetter #50435 for Current Loans:

* * * IMPORTANT NOTICE * * *

Your Federal Perkins Student Loan(s) will be monitored closely by THE FEDERAL GOVERNMENT and THE DEPARTMENT OF EDUCATION throughout the next year. You are part of a “Cohort group” of individuals that entered repayment on or around the same time. Please take time to read all the information provided in your promissory note to ensure that you are familiar with the options available.

It is our intention to provide you with the best service possible. If any problems arise and you are unable to make your regular payment, please contact (*Lender Name*) immediately.

Below is a status of your account.

Please notify Campus Partners immediately with name/address changes and submission of deferment/cancellation forms.

QuikLetter #50436 for Past Due Loans:

* * * IMPORTANT NOTICE * * *

Having difficulty keeping your Federal Perkins Loan payment current? Remember, failure to make timely payments can result in serious consequence to include:

- Delinquency reported to national credit bureaus that will remain a bad debt for seven years.
- Loan(s) forwarded to a professional collection agency, resulting in increased delinquency charges to your account.
- Unable to obtain any Title IV aid (Student Financial Assistance) at any institution.

(Lender Name) needs to hear from you immediately if you are unable to make full payment at this time.

Below is the status of your loan(s):

Please contact Campus Partners with name/address changes and submission of deferment/cancellation forms.

QuikLetter #50437 for Seriously Past Due Loans:

* * * IMPORTANT NOTICE * * *

It is critical that you contact (Lender Name) immediately concerning your Federal Perkins Student Loan, that is now seriously past due. Continued delinquency will have a severe impact on your credit rating and ability to obtain additional loans.

Below is the status of this account:

Please contact Campus Partners immediately with name/address changes and submission of deferment/cancellation forms.

Managing Cohort Default Rate, *cont.*

6. Early Intervention Program:

- EIP is a service designed to prevent borrowers from entering into default.
- In addition to the standard due diligence, EIP provides a series of specialized letters and phone contacts to borrowers who are 15 to 105 days past due on their loan payments.
- The objective of these contacts is to reach the borrower and return their account to a current status.
- Many benefits available through EIP:
 - Experienced counselors
 - Multiple Payment Efforts
 - Intensive telephone and mail campaign
 - Skip tracing services

Early Intervention Schedule of Activity:**EARLY INTERVENTION PROGRAM***Early Intervention Program activities are performed based on the following schedule:*

# DAYS PAST DUE	CONTACT	ACTIVITY	DESCRIPTION
15-29	Borrower	Counseling Phone Call	Contact Borrower by phone - Offer Pay by Phone and AutoDraft - Review available deferments - Discuss payment options
30	Borrower	Collection Letter	Specialized final past due bill
30-44	Borrower	Counseling Phone Call	Contact Borrower by phone - Offer Pay by Phone and AutoDraft - Review available deferments - Discuss payment options
45-49	Borrower	Counseling Phone Call	Contact Borrower by phone - Offer Pay by Phone and AutoDraft - Review available deferments - Discuss payment options
50	Borrower	Collection Letter	Specialized 50-day bill
60-74	Borrower	Counseling Phone Call	Contact Borrower by phone - Offer Pay by Phone and AutoDraft - Review available deferments - Discuss payment options
75	Borrower	Collection Letter	Specialized 75-day bill
75-90	Borrower	Counseling Phone Call	Contact Borrower by phone - Offer Pay by Phone and AutoDraft - Review available deferments - Discuss payment options
105	Borrower	Final Past Due Notice	Specialized final past due bill

Why is my Cohort Default Rate Important?

According to Federal Regulation 674.5 (Federal Perkins Loan Program Cohort Default Rate and penalties):

- If an institution's cohort default rate equals or exceeds 25%, the institution's Federal Capital Contribution is reduced to ZERO.
- An institution with a cohort default rate that equals or exceeds 50% for each of the three most recent years for which cohort default rate data are available is ineligible to participate in the Federal Perkins Loan Program.

LINKS

<http://ifap.ed.gov/cbpmaterials/0607PerkinsCohortDefRateGuide.html>

QUESTIONS?

Thank you for joining us!

**Should you have questions or want additional training,
please contact Pattie Mastin at
pmastin@campuspartners.com or call 800-458-4492 Ext. 2011**