



# Tools For \$uccess

## FAME's Default Prevention Newsletter

April 2009



## April is Financial Literacy Month

### Happy Spring!

#### Highlights in this Edition:

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- ❖ NCHelp Debt Management Conference
- ❖ Iron Mail Information
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It is with a great deal of enthusiasm that we bring you the April edition of **Tools for \$uccess**, FAME's default prevention newsletter. In this newsletter, you will find a variety of exciting announcements regarding our latest initiatives, all of which were created to improve the financial future of the students you serve. To recognize Financial Literacy Month, FAME has participated in several events and initiatives to promote the importance of financial education to Maine citizens. The Outreach and Default Prevention team is also in the process of expanding its financial literacy programs in order to serve a larger audience, as well as to target those most at risk. FAME views financial literacy as a key component to helping students borrow wisely and avoid loan default; therefore, we will continue to seek ways to promote financial literacy to Maine citizens.

We hope you find this newsletter to be informative and helpful. We look forward to working with you!

Mary Dyer, *Default Prevention Specialist*

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### Financial Literacy Events and Initiatives

- Financial Literacy Day at the State House was held on April 9 and Governor Baldacci proclaimed April 9, 2009 as Financial Literacy Day in Maine. FAME participated in the event as a member of Maine's Jump\$tart Coalition and as the program administrator for the NextGen College Investing Plan<sup>®</sup> and the Harold Alfond College Challenge. For a copy of the press release, [click here](#).
- The Maine Jump\$tart Coalition for Personal Financial Literacy recently released its 2009 financial education survey results. The survey was sent to 220 school administrative unit principals in Maine. FAME's Mary Dyer is a member of the Maine Jump\$tart Coalition Board of Directors, as well as the 2009 Education Survey Subcommittee. [Click here](#) to for a copy of the press release and results of the survey.
- FAME's Mila Tappan, *Outreach Representative*, presented a session on financial literacy at the 2009 Maine Counseling Association annual conference in Rockport. This session was designed to provide guidance counselors with an overview of financial literacy and potential teaching topics, as well as some free resources that are available to schools and the students that they serve. A copy of the presentation can be found [here](#).

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## NCHELP Debt Management Conference

Mary Dyer recently attended the 2009 NCHELP Debt Management Conference. Throughout the conference, attendees were provided with information regarding several innovative delinquency and default prevention programs that are currently being offered by lenders, servicers and guarantors throughout the country. Notable sessions included financial literacy, income-based repayment, as well as a lively and eye-opening student borrower panel. For more information or for a copy of the presentations, please contact [Mary Dyer](#).

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## Iron Mail

To help maintain and protect the security and integrity of our customers, clients and partners' data, FAME has implemented a new secure e-mail solution, "Iron Mail." We are committed to protecting all personally identifiable information and other confidential information, and this new technology will help ensure all information leaving the FAME network is protected and secure.

E-mail that is selected for secure delivery will be identified and redirected to our secure web delivery platform. This web delivery platform stores the e-mail, notifies you and asks that you verify your identity by logging onto an easy to use Web site with credentials only given to you. In general, we will only use the secure e-mail system to deliver e-mails that include personally identifiable information (such as social security numbers).

Attached, you will find the User Guide for our new secure e-mail system. If you have any questions, please contact a member of our customer service team at 1-800-228-3734.

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## FAME Default Prevention Program Update

We are pleased to report that, as of March 31, 2009, **6,684** FAME borrowers were identified to receive early outreach through our new default prevention program. Through this program, FAME borrowers are identified weekly as a result of enrollment data reported to FAME's guarantee database. Borrowers are contacted directly via phone, mail and e-mail throughout their grace periods. Counselors provide borrowers with information regarding the total amount of their loans, monthly payments, as well as the various loan repayment options.

All former EDSI<sup>®</sup> schools will begin receiving borrower-specific detail reports on a quarterly basis through FAME's new secure e-mail system. If you have any questions or if you would like a copy of your school-specific report (non-EDSI<sup>®</sup> users), please contact [Mary Dyer](#).

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## FAME Wednesday Webinars

FAME's most recent Wednesday Webinar, entitled "**Federal Stafford and Grad PLUS Loan Exit Counseling Requirements**," was presented on March 11 by Trisha Malloy, *Outreach Representative*. The training was intended to provide financial aid counselors with updated information and guidance regarding Federal Stafford and Federal Grad PLUS Loan exit counseling requirements. Participants were provided an overview of changes as a result of the *Higher Education Opportunity Act of 2008* (HEOA), as well as valuable tools and

resources to assist them in meeting the new requirements. A copy of the presentation can be found [here](#).

In June, Mary will present a session on Federal Stafford loan entrance counseling requirements. During this session, participants will also be provided with an overview of the new Income Based Repayment Plan. Details coming soon!

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## Draft Cohort Default Rates Released

The FY 2007 draft cohort default rates were released on Monday, February 9, by the U.S. Department of Education electronically via your school SAIG mailbox (if enrolled) or via NSLDS. The 2007 draft cohort default rate includes any borrowers who entered repayment from 10/01/2006 through 9/30/2007 and defaulted from 10/01/2006 through 9/30/2008.

Mary Dyer has been working diligently with financial aid administrators throughout Maine to assist them in evaluating their draft CDR, as well as to provide recommendations on ways to reduce default rates overall.

Please note that a school with a cohort default rate greater than 10 percent is no longer eligible for certain special disbursement provisions. For example, a school with a cohort default rate of **less than 10 percent** for each of the three most recent fiscal years for which data is available, including eligible home institutions and foreign institutions, may:

- deliver or disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period; and
- choose not to delay the first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.

In addition, a school whose most recent official cohort default rate is **less than 5 percent** and is an eligible home institution that is certifying or originating loans to cover the cost of attendance in a study abroad program may:

- deliver or disburse loan proceeds in a single installment to a student studying abroad regardless of the length of the student's loan period; and
- choose not to delay the delivery or disbursement of the first installment of loan proceeds for first-year first-time borrowers studying abroad.

These benefits take effect as soon as the school receives its *official* cohort default rate notification letter. Schools no longer qualify for these benefits starting 30 calendar days after receiving notice from DPM of an official cohort default rate that exceeds the benefit threshold.

For more information on Cohort Default Rates, please click [here](#). In addition, please feel free to contact [Mary Dyer](#), if you have any questions about your draft rate or if you would like to schedule a default prevention school visit.

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## New Publication for Adult Learners

The Outreach and Default Prevention team at FAME recently created a new publication entitled "**The Adult Learner Tool Kit**." The new tool kit is created specifically for adult students who are planning to pursue higher education. The tool kit covers topics such as

college preparation, applying for financial aid and financing options. The new publication will be available soon. To request copies, please contact [Angela Dostie](#).

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## Guide to Federal Loans Updated

The FAME "**Guide to Federal Loans**" was recently updated to reflect recent changes as a result of the *Higher Education Opportunity Act of 2008* (HEOA). The updated version also includes information regarding public loan forgiveness and income based repayment. The new version is available now and can be ordered using FAME's [online publication ordering system](#).

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## Default Prevention Initiatives on the Horizon:

- The Outreach and Default Prevention team at FAME is currently working on expansion of its financial literacy program. The goal is to create financial literacy resources and initiatives that target all age groups. An expansion of FAME's popular **Get a Life** game is also planned.
- Mary Dyer is in the process of creating an online Money Management session for college students powered by Mapping Your Future.
- FAME is researching ways to increase the effectiveness of its default prevention programs, with a specific emphasis on ways to encourage borrowers to seek help *before* they become delinquent.

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## Best Practices Corner

In each edition of **Tools For \$uccess**, we highlight a school or organization that has implemented effective strategies that demonstrate creativity and an overall commitment to preventing student loan defaults. As we discover these "best practices," we will also incorporate them into our default prevention model for schools. If you have a success story that you would like to share, please feel free to contact [Mary Dyer](#).

### ***\$uccess Through Custom Interactive Counseling: Hardin Simmons University***

Hardin Simmons University announced the release of a *Private Loan Counseling and Money Management Tutorial* powered by Mapping Your Future®. Through their partnership with Mapping Your Future, Hardin Simmons University in Abilene, Texas is able to provide their students with a completely custom, interactive educational tool that explains private loans, personal budgeting and debt management.

While there are several guaranty agencies and lenders who offer this type of session, Hardin Simmons University is the first school in the nation to create its own counseling session.

A copy of the press release can be found [here](#).

For more information regarding Mapping Your Future or FAME's **Alternative Loan and Money Management Tutorial**, please contact [Mary Dyer](#).