



Tools For \$uccess

FAME's Default Prevention Newsletter

July 2008



Highlights in this Edition:

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- ❖ New comprehensive default prevention program update.
- ❖ FAME earns highest guarantor default recovery rates in nation.
- ❖ FAME education web site publication page redesign complete.
- ❖ Updated Federal Stafford Loan limits & interest rate charts now available.
- ❖ ELM training comes to FAME.
- ❖ New loan counseling form incorporates Grad PLUS.
- ❖ Borrower debt management statement updated.
- ❖ Upcoming initiatives.
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Dear Financial Aid Administrators,

Happy Summer!

Summer is by far my favorite time of year in Maine; however, I know all too well that in the financial aid office, it also is often the busiest. Amidst all the financial aid questions, endless regulatory changes and summer loan processing, I hope that you find time to enjoy the beautiful weather.

In this July edition of *Tools for \$uccess*, you will find a variety of exciting announcements regarding our latest initiatives, all of which were created to reduce the number of student loan defaults on your campus. Most notably, we are extremely excited that this summer brings the introduction of a new comprehensive default prevention program to Maine borrowers. In addition, we are also thrilled to have added two new staff members to the Outreach and Default Prevention team here at FAME. These new positions will focus on providing information on college savings, aspirations, financial literacy, financial aid and debt management to Maine citizens.

We hope you find this newsletter informative and helpful. I look forward to working with you throughout the coming year!

Mary Dyer, *Default Prevention Specialist*

FAME Hires Mila Tappan & Trisha Malloy as Outreach Representatives

FAME is pleased to announce that Mila Tappan and Trisha Malloy have been hired as Outreach Representatives. Their responsibilities will include providing information on college savings, aspirations, financial literacy, financial aid and debt management to Maine citizens.

Mila joins FAME after working in the financial aid office at the University of Maine for 16 years, most recently as the Associate Director of Financial Aid. Mila also has served as MASFAA President and is currently Chair of the EASFAA Leadership Committee.

Trisha brings to FAME over 12 years of experience in student financial aid. She began her career as a work-study student in the financial aid office at the University of Southern Maine, and most recently as Vice President, Director of Regional Accounts, for Student Loan Xpress.

FAME is fortunate to have such experienced and dedicated people providing financial aid information to Maine students and families. Mila and Trisha will begin working at FAME on Monday, July 28.

FAME to Introduce New Comprehensive Default Prevention Program on August 1

FAME recently announced the expansion of our default prevention services. Our new early intervention program will replace EDSI[®] and, as a result, you will no longer need to manually enter borrower information or send reports to GRC. This new program focuses on a reduction in your school's cohort default rate by automatically contacting high risk FAME borrowers during their grace period. Because students who withdraw from school represent nearly 80% of the defaulted borrowers in Maine, "high risk" borrowers have been defined as any student from any college or university in Maine who withdraws from school at any point during his/her academic career.

As part of our GOAL\$ program, borrowers will be identified weekly through enrollment data reported to FAME's guarantee database, eliminating the need for you to initiate student enrollment in the program. Borrowers are contacted directly via phone, mail and e-mail throughout their grace periods and are counseled regarding loan repayment options, lender/servicer contact information, as well as how to avoid default. Our current default prevention program serves roughly 650 students annually. **FAME's new program will benefit approximately 5,000 borrowers each year!** All schools in Maine will automatically benefit from this new program; there is no need for your institution to "sign up."

It is important to note that any borrowers in the EDSI program as of June 15 will transition to the new system and receive the benefits of the new program.

FAME Earns Highest Guarantor Recovery Rates in Nation

The U.S. Department of Education recently announced the Federal Fiscal Year 2008 guarantor default recovery rates in the Federal Family Education Loan Program (FFELP) through April 30, 2008. FAME earned the highest recovery rates in the nation for the period of October 1, 2007 through April 30, 2008.

According to data recently released by the Department, FAME's guaranty agency recovery rates were 30.02% through April 2008. FAME led all other guaranty agencies in the nation for this period; by comparison, the national average for agencies was 19.14% for this same time-frame.

To view a press release issued on this matter, please visit the FAME [web site](#).

FAME Announces Web Site Publication Page Redesign

In an effort to enhance the online experience of students, schools and counselors who visit FAME's education web site, we recently redesigned and expanded the publication ordering page on our site. This update provides schools with a more streamlined ordering process, as well as the ability to download our publications. We are pleased with the results of this redesign and hope you will find the enhancements useful. Please feel free to contact [Angela Dostie](#) if you have any questions or would like to offer feedback.

ELM[®] Training Comes to FAME

Based on recent recommendations by Maine's financial aid community, FAME is pleased to announce that we will host ELM[®] training on Thursday, August 14 from 10:00 a.m. to 3:00 p.m. at FAME's Augusta office. The tentative agenda includes a beginner session in the morning for those who are new to ELM or who are considering using ELM in the future. Following lunch, ELM will offer an advanced training for schools currently using ELM. In order to assist ELM training staff in developing an agenda that meets your needs, please email [Mary Dyer](#) with any training items that you would like to see addressed.

We hope that you can participate in this free session! To register, please contact [Mary Dyer](#).

New Loan Counseling Form Incorporates Grad PLUS

As you know, [final regulations published on November 1, 2007](#) require entrance and exit counseling for graduate and professional student Federal Grad PLUS Loan borrowers. The effective date for this new requirement was July 1, 2008. It is important to note that Parent PLUS Loan borrowers do not have to complete entrance counseling.

Attached to this newsletter you will find a two-page overview of the new requirements, as well as FAME's new updated Stafford Loan Entrance/Exit Counseling form that incorporates the new Grad PLUS requirements. If you would like to order a supply of the forms, please visit the publications page on the FAME web site.

Please feel free to contact [Mary Dyer](#) if you have any questions.

Updated Federal Stafford Loan Limits & Interest Rate Charts Now Available

FAME recently updated the Federal Stafford Loan Limits and FFELP interest rate charts in order to incorporate recent regulatory and interest rate changes. For your convenience, we have attached a copy of both charts to this newsletter.

Borrower Debt Management Statement Updated

FAME is pleased to announce important enhancements to our "Borrower Debt Management" (BDM) statement. First, in an effort to clarify the purpose of the statement, we changed the title to "Manage Your Student Loan Information." In addition, we updated the text in order to emphasize the importance of successful loan repayment.

The BDM Information Service, a component of FAME's GOAL\$ program, provides borrowers with detailed loan information to assist them in keeping track of their student loans. Schools frequently use this tool during exit counseling. Loan data provided on the individual borrower form includes amounts borrowed for Stafford, Grad PLUS and consolidation loans, lender contact, loan amount, loan period and interest rates.

For more details or to sign up for the Borrower Debt Management Statement Service, contact [Mary Dyer](#).

Default Prevention Initiatives on the Horizon

- FAME is finalizing defaulted borrower statistics and will be releasing this data to interested schools in the near future. Data elements collected include average indebtedness, average EFC and separation status.
- In order to assist schools in counseling delinquent borrowers, FAME is in the process of developing a "Delinquent Borrower Counseling Guide."

Best Practices Corner

In each edition of *Tools For Success*, FAME highlights 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 model default prevention plan for schools. If you have a success story that you would like to share, please feel free to contact [Mary Dyer](#).

Success Through Innovative Counseling: Southern Maine Community College

In the age of web-based award letters, text messaging and on-line counseling, the financial aid office at Southern Maine Community College recognizes the importance of in-person counseling throughout the financial aid process, particularly upon graduation. Many challenges face graduating Maine students, and SMCC remains committed to ensuring that understanding loan repayment is not one of them.

As any financial aid administrator can attest, getting students to attend in-person exit counseling sessions is no small feat; yet, the staff at SMCC manages to achieve a 75-80% attendance rate. More importantly, the college gets students involved in the learning process, encouraging them to ask questions, shout out answers and, most notably, have fun.

How do they do this you ask?

They throw a party! It starts with a fun, colorful invitation; a far cry from the standard stock letterhead that students usually receive. It's purple with rainbows and comes with the promise of pizza and prizes. The date and time of the sessions (there are usually three) are selected after careful consideration and consultation with faculty to ensure that the optimum number of students will attend. The room is decorated with balloons, congratulatory banners and all of the necessary fanfare bestowed upon any new graduate. This is not your typical exit counseling session!

Of course, the school covers all of the regulatory requirements, but they also throw in a lot of jokes and fun; always insisting that the audience actively participate. To say that it is a lively session is an understatement. Students shout out answers and enjoy pizza and cookies. All of them leave with a goody bag filled with candy, while several students win prizes (usually a bookstore item). For one lucky student, the grand prize is a \$500 loan repayment voucher. Wendy Laverdiere, Assistant Director of Financial Aid, feels that students really benefit from the counseling. "They really seem to enjoy it; it gets them involved in the loan repayment process and goes a long way in establishing a lasting relationship with the student and our school," she comments.

In the years before the Cuomo investigation, SMCC received support from lenders in order to offer this unique session, mainly through the giveaways. Today, SMCC covers the entire cost of the sessions, a testament to their commitment to the students that they serve.

For more information regarding SMCC exit counseling sessions, please contact [Wendy Laverdiere](#).

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