



# National Default Prevention Day 2002

**Default Prevention: You Are The Key!**

**August 1, 2002**



**FSA**  
FEDERAL  
STUDENT AID

*We Help Put America Through School*



# ***LOSFA***

## ***Default Prevention***

**Lynda Downing**  
**Louisiana Office of Student**  
**Financial Assistance**





# ***Why Default Prevention?***

- Borrower's financial future
- School and guarantor Cohort Default Rates
- Credibility to the FFELP program
- Availability of funds for future borrowers



# ***LOSFA Default Prevention Staff***

- Twelve Collector/Counselors
- Three Skip Trace staff
- Two Claim Analysts
- Supervisors



# ***Collectors/ Counselors***

- Letters and phone calls
- Forms and instructions
- Contact information for lender/servicer
- Consequences of Default



# ***Skip Trace Service***

- Special service to lenders
- Any stage of delinquency is accepted
- Numerous sources are utilized
- Found rates: 88% for Default Prevention
- 80% for Collections



# ***Aversion Rates***

- State Fiscal Year 1997-- 78%
- State Fiscal Year 2002-- 94%



# ***Results of Default Prevention***

- Increased Aversion Rates
- Improved Cohort Default Rates for Schools and Guarantors
- Borrowers are educated on options to avoid default



## ***Future Plans***

- Special focus on groups of accounts
- Web based assistance for borrowers, lenders and schools
- Electronic processes and access



## **Contact Us**

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