



Student Lending Analytics
Flash Survey: Managing 2009-10 PLUS Loan Uncertainty
March 25, 2009

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Background

- As more lenders publicly announce that they will not be participating in the upcoming PLUS Loan Auction, the probability that the state-by-state auctions will succeed seems increasingly remote
- Survey Goals
 - Determine what messages the financial aid administrators are presenting to parents regarding 2009-10 Parent PLUS loans
 - Determine methods that financial aid administrators are using to communicate this information to parents regarding 2009-10 PLUS loans
 - Determine if financial aid administrators have heard from lenders intending TO PARTICIPATE in the PLUS loan auction

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Methodology

- Emailed flash survey on March 24, 2008 with due date of March 25, 2008.
- In addition to demographic questions, the survey asked respondents the following questions:
 - Please indicate what best describes your institution's approach to inquiries coming from new Parent PLUS borrowers for the 2009-10 academic year.
 - How is your institution communicating this situation to first-time Parent PLUS borrowers? Select all that apply.
 - Is your institution considering Direct PLUS loans as a back-up option, given the uncertainty about the outcomes of the PLUS loan auction?
 - Have you had any conversations with lender representatives who have indicated that their companies are planning to participate in the PLUS Loan Auction?
 - If yes, please indicate the lenders who indicated that they would be participating in the upcoming PLUS loan auction.

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Methodology (Cont.)

- Responses were normalized for following reasons:
 - Email addresses that did not correspond with an educational institution were excluded
 - Several schools provided multiple responses; only one response was analyzed
 - Responses that included demographic data but incomplete answers to main survey questions were excluded

- Overall, there were 217 survey responses analyzed
 - Excluded survey responses from direct lending institutions since PLUS loan auction will not impact their 2009-10 activity

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Summary

- Many financial aid offices still uncertain about approach to take regarding 2009-10 PLUS Loans in light of auction
 - 27% of respondents undecided on proper message
 - 42% not sure how best to communicate information to parents

- In terms of messaging, the top four approaches (with percentages) mentioned were:
 - We are not notifying parents about Parent PLUS loans until we receive final notice from the Dept. of Education about the auction results (24%)
 - We notify parents of the pending PLUS loan auction and strongly encourage them to apply for a PLUS loan only after the auction results are finalized (21%)
 - We notify parents that they can apply for Parent PLUS loans NOW and do not mention the PLUS loan auction (18%)
 - We tell parents to go through the PLUS loan credit check process to determine their eligibility but to wait to apply until after the PLUS loan auction results are finalized (5%)

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Summary

- In terms of communicating the Parent PLUS issue, the three most favored methods were:
 - Website 30%
 - Award Letters 21%
 - Email 10%

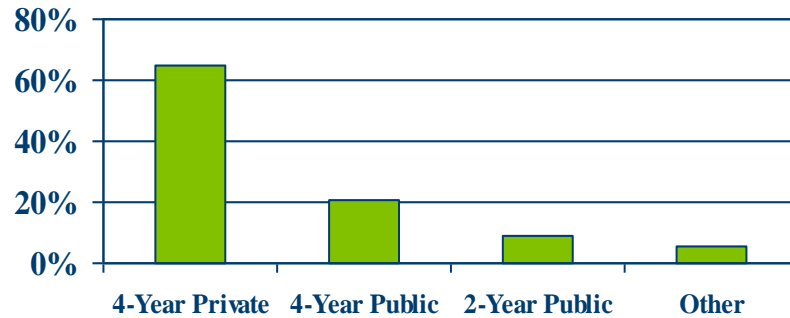
- 17% of respondents indicated that they are considering a shift to Direct PLUS as a result of the uncertainty

- Respondents mentioned five lenders who had indicated that they potentially would participate in the PLUS Loan Auction slated for April 15th.

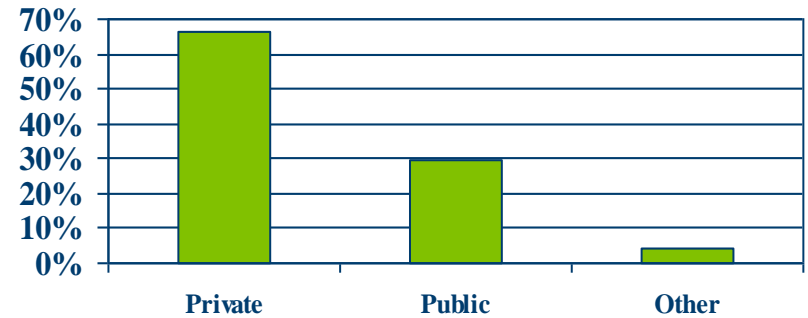
SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty

Profile of Survey Participants

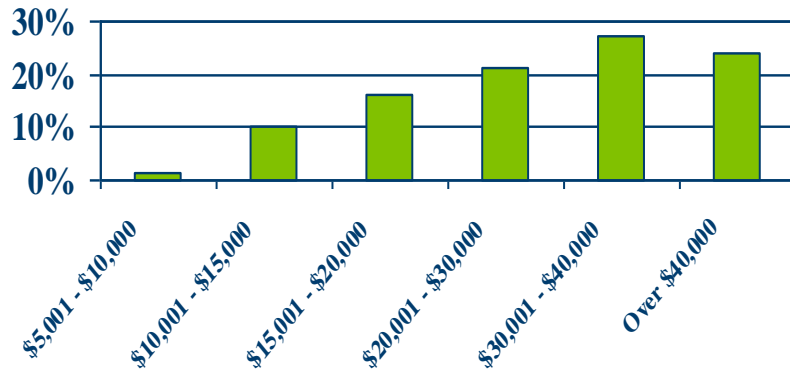
School Type



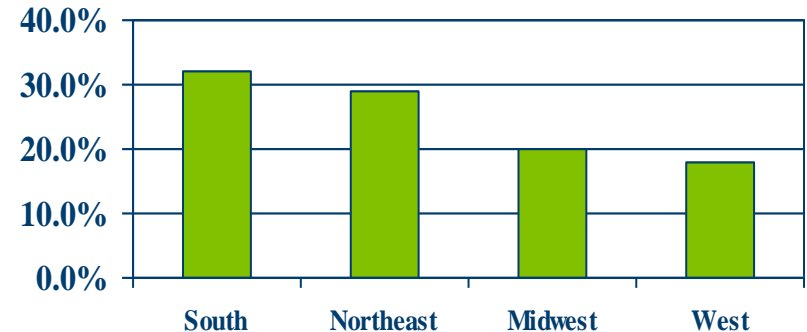
School Ownership



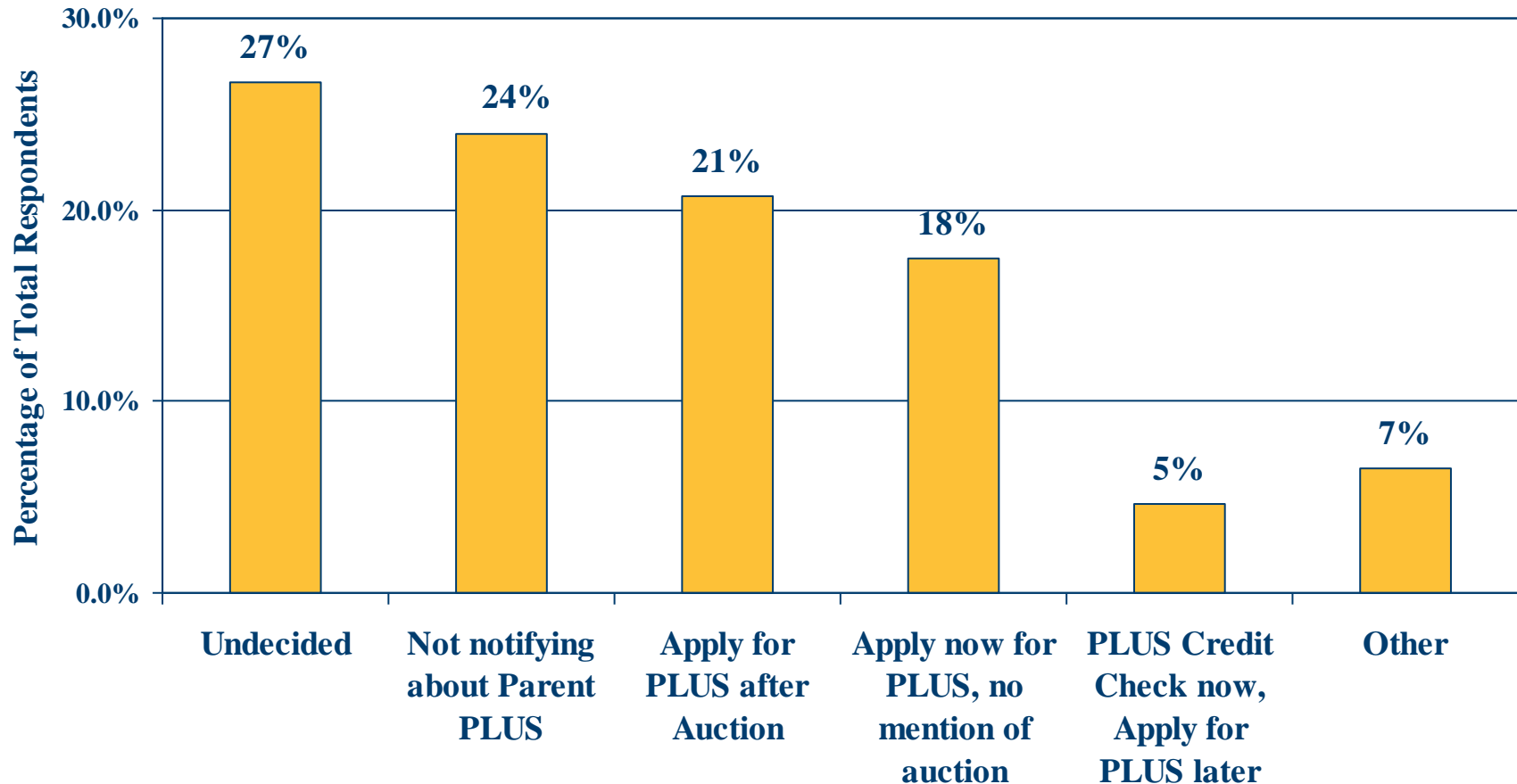
Cost of Attendance



School Region



SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Message to Parent PLUS Borrowers



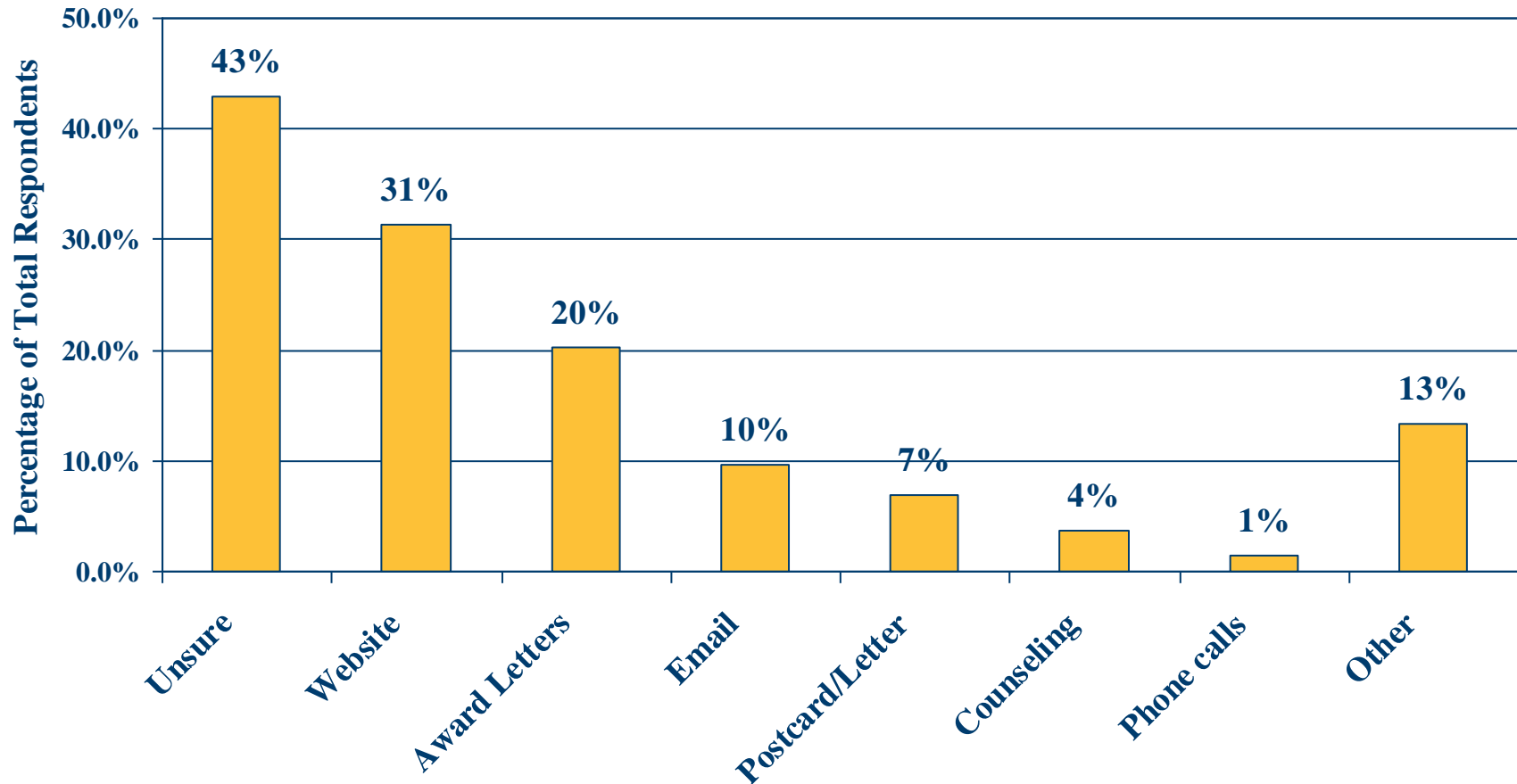
Survey question: Please indicate what best describes your institution's approach to inquiries coming from new Parent PLUS borrowers for the 2009-10 academic year.

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Other Messages for 2009-10 Parent PLUS Borrowers

- ⑤ “We tell parents they can go through a PLUS loan credit check and that they should wait until August 1 to apply (we're a quarter school with a late start).”
- ⑤ “We did not mention the auction when we mailed award letter. We indicated on the award letters that information regarding the Federal PLUS Loan Program will be mailed out to them in May.”
- ⑤ “We notify parents that they can apply for Parent PLUS loans after 7/1.”
- ⑤ “We have deactivated our Plus loan lender list on our website for now. We have not received any direct inquiries from parents to date.”
- ⑤ “We are awarding PLUS Loans on the award letters, but tell them that more information will follow on the loan process.”

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty

Method of Communicating Parent PLUS Information

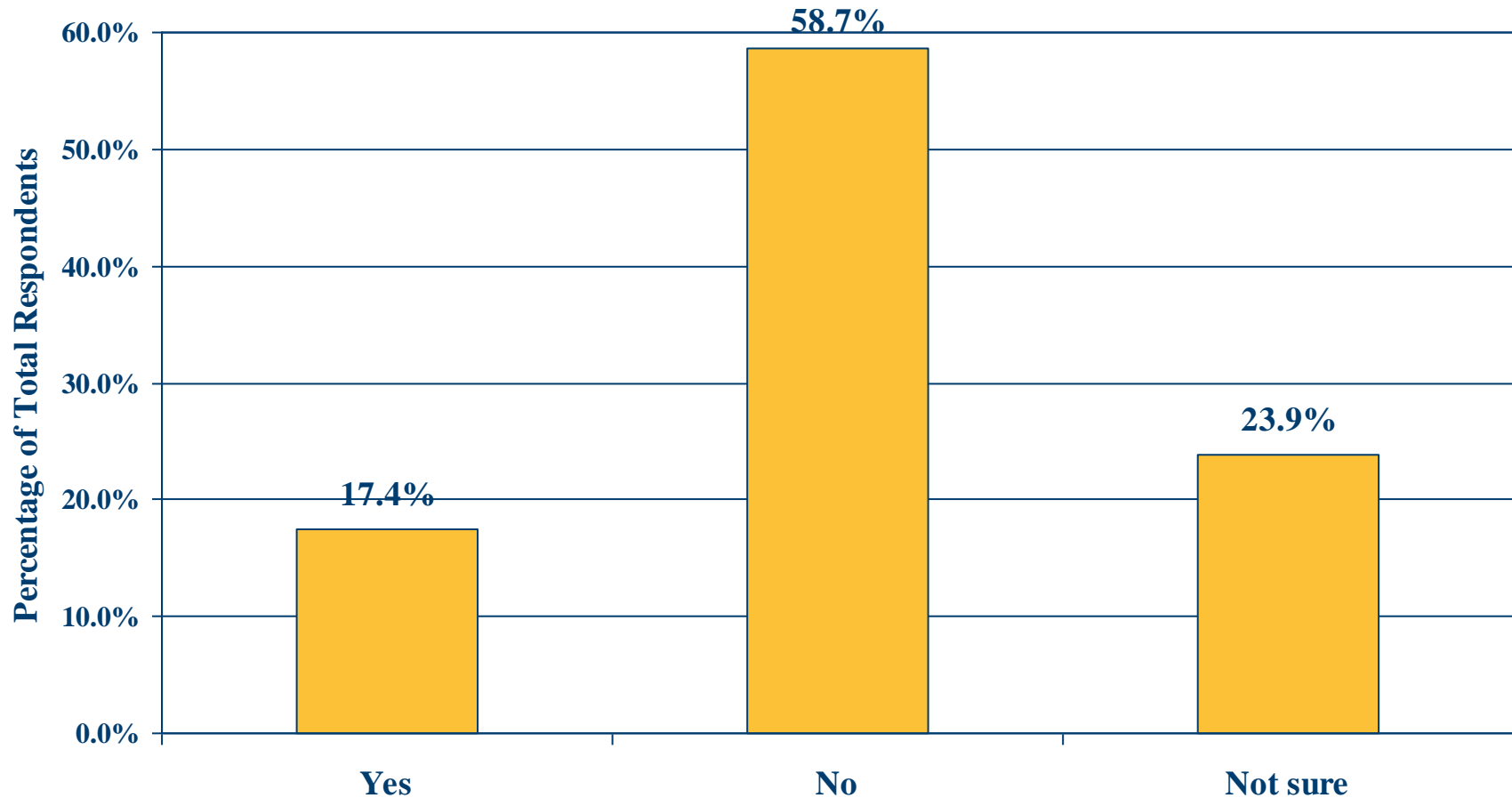


Survey question: How is your institution communicating this situation to first-time Parent PLUS borrowers? Select all that apply.

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Other Methods to Communicate the 2009-10 PLUS Loan Situation

- “Warning screen comes up with student uses application link on our website that explains the situation, lists lenders we know are not bidding and encourages families to wait until the auction is decided.”
- “Speak at a number of on-campus events for prospective students and parents.”
- “General information in initial first time packet”
- “We are not communicating the PLUS loan auction, because there is insufficient information to give.”

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Evaluating Direct PLUS In Light of Auction



Survey question: Is your institution considering Direct PLUS loans as a back-up option, given the uncertainty about the outcomes of the PLUS loan auction?

SLA Flash Survey: Managing 2009-10 PLUS Loan Uncertainty Who MIGHT Be Planning to Participate in PLUS Auction?

- Asked the following question in survey: Have you had any conversations with lender representatives who have indicated that their companies are planning to participate in the PLUS Loan Auction?
- The following lenders were mentioned, note that four of five are public corporations or non-profits which will probably limit them to their home state (number of mentions in parentheses):
 - College Foundation Inc. (CFI) (2)
 - "CFI is considering it"
 - Georgia Student Finance Commission (1)
 - PNC Bank (3)
 - "At the time of the conversation, a PNC representative indicated they were still analyzing their data, but were strongly considering a bid."
 - "PNC indicated that they may participate"
 - Mohela (1)
 - "Possibly MOHELA"
 - The Student Loan People (2)

Thank You

- Thank you again for your participation!
- Please contact Tim Ranzetta if you have any additional comments or questions regarding this survey
 - Send email to tranzetta@studentlendinganalytics.com
 - Phone: 650-218-8408
- Look for more upcoming SLA Flash Surveys in the future
- For more information on Student Lending Analytics, proceed to the final three slides

Student Lending Analytics Background

- Founded in 2007
- Independent Research and Advisory Service with NO lender affiliations
- Mission: Find best lenders for students through an analytically rigorous, unbiased and comprehensive process
- Services
 - RFI Management of FFEL and Private Loans
 - Research
- Successes to Date
 - Managed **RFI process** at institutions with over one billion dollars in loan volume
 - **Inside Student Lending**, our monthly newsletter, reaches over 5,000 financial aid administrators
 - **Student Lending Analytics Blog** has become the go-to source for breaking developments and analysis on the student lending industry
 - **SLA Flash Surveys** have included the insights from over 1,500 financial aid professionals on a variety of timely topics
 - **Private Loan Options** and the **SLA's 2008 Alternative Loan Guide** provides students and financial aid offices with an objective and focused list of private lenders
 - **SLA Student Satisfaction Surveys** measures student satisfaction with lenders

The Student Lending Analytics Process

RFI Management

Planning

- YOU determine which criteria are most important in selecting your lenders
- YOU weight the importance of each criterion

Development of Customized RFI

- SLA creates RFI based on your custom criteria
- SLA's time-tested RFI has questions that will elicit specific answers from lenders

Broad Distribution

- SLA sends RFI to a comprehensive list of lenders
- SLA notifies YOU of lenders who intend to participate

Objective, Rigorous Analysis

- SLA rates lender RFI responses in an analytically rigorous fashion
- SLA provides proprietary surveys and analysis to augment lender responses

Lender Selection

- SLA creates a Scorecard to summarize the lender ratings.
- YOU select lenders from the SLA Scorecard

Ongoing SLA Support

- SLA updates analysis as information changes
- SLA provides methodology document
- SLA drafts sample disclosure statements

5 - 6 Week Process from Start to Finish

Student Lending Analytics Research Services

- ◉ Inform financial aid offices on industry developments (implications for their lender lists and relationships)
 - [Student Lending Analytics Blog](#)
 - Timely insights to developments in student lending industry
 - Alerts
 - Legislation, lender exits, earnings calls, industry insight
 - Monthly newsletter
 - August – Tips for Lender Lists
 - Webinars
 - April – Lessons Learned in Trenches of Lender Selection Process
 - September – HEOA and Lender Lists
 - December – A Conversation about FFELP and Direct Lending
 - Surveys (summaries available on our [website](#))
 - FFEL vs. Direct Lending
 - RFI Practices
 - Implementing increased Federal Stafford loan limits
 - Alternative Loans
 - Legislative and regulatory updates
 - White papers
 - Help Line to answer questions/resolve issues throughout the year