The Quarterly Access

Volume 1, Issue 1 April 2012

A Newsletter for YOU!

This is the first edition of our new quarterly newsletter designed to bring you, **our campus based clients**, information that you can use.

We plan to cover issues that are relevant to our industry while focusing on things that effect how we do our jobs. In the years to come if you have any thing that you would like us to research and cover in a future issue, please let us know and we will do our best to answer questions and offer information that you can incorporate on your campus.

"The Quarterly Access" will be published four (4) times a year and we hope that it becomes a source of useable information for you and others at your campus. Please feel free to pass this and every issue on to colleagues, staff or friends at other schools. You may copy and use any article, for as we stated, this is for YOU!

In addition to information about our industry and changes in laws that apply to what we do we plan to keep you up to date on happenings at ACCESS RECEIVABLES. You will read about changes and innovations and conferences and meetings from around the country.

SO PLEASE READ ON AND LET US KNOW WHAT YOU THINK!

Nice people collect more.

Special points of interest:

- A newsletter designed for Campus based Clients
- Timely information and news that you can use

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The Access Approach … Tom Gillespie

The following is from an interview with our **President, Tom Gillespie** where he discusses our change in philosophy that based on recent statistics has resulted in better collections across the board for you and all our clients and from what many of you reported, helped us rank #1 among the agencies working on your campus!

Our goal will always be to return more money to your campus at a low cost while maintaining a positive relationship with your student or alumni and Tom's innovations have helped make this goal a reality!

I am so excited about the transformation our company is undertaking. We are creating a whole new website and educational presence on the web to educate people (debtors) on the importance of paying bills and improving credit. I have always believed that a helpful and knowledgeable approach to collections is far more successful and will assist both debtors and clients to get through difficult times and come out stronger on the other side. Our theme is **"Nice People Collect More".** It's more than just a slogan however, it's a whole new way of collecting. Actually, in some respects, it's getting back to the basics of collecting.

Over the years, I have seen many changes in the collection industry but this new transformation is one I really believe in. We are going to start an education program for our debtors in tandem with our responsibility to collect for our clients. The point is that many people today are simply not well informed about the importance of their credit and many have given up. From 1990-2008, it was pretty easy for everyone to get credit regardless of their past payment habits. In turn, collection agencies did not have to work very hard to get customers to consolidate their bills and PIF the account. In fact, terms like "account treatment" and "dunning" went hand in hand with going through the motions. Enter 2009 and the recession. Going forward, it appears that banks are going to be far less aggressive in lending. That means fewer credit cards, lower limits, fewer auto loans, mortgages and home equity loans. The people who are affected the most are the ones who will also need the most credit in the next 5-10 years. Life happens. Babies are born, cars need replacing, washing machines break down and so on. The only way to improve your credit, is to pay your bills. Over the last few years, people have been conned that not paying their bills or even getting out of paying their bills is a better option. I hear things like, "well I don't care about my credit" or "The government doesn't pay their bills, why should I".

A positive win-win approach is always better than an adversarial one. There are scores of default judgments out there collecting dust. As with all collections, nothing is a total answer. Many people will continue to ignore their responsibilities and hope that the problem just goes away. There will be some that embrace "the facts" and make a sincere effort to resolve their account who may have simply ignored it in the past.

Our collectors are being trained every day how to be counselors. We are training them to assist the debtor in resolving an unpleasant situation. **The debtor is not our enemy, they are our ultimate customer.**

Perkins Update ... *Looking at the 2013 Proposal*

President Obama has finalized his proposals for higher education, which was detailed in the Administration's proposed budget for Fiscal Year 2013. The budget was made public in full on Feb. 13, 2012.

As expected, the proposals will include the now three-year old "Direct Perkins Loan" proposal as a component of the ways the Administration says it will encourage colleges to hold down tuition costs. The proposals in the past have suggested that Congress establish a new direct loan program with terms and conditions for borrowers exactly the same as the unsubsidized Stafford Loan Program. Campuses would apply for a share of $8 billion a year in loan funds. The funds would be allocated in part based on the ranking of the campus in how much its net tuition increased in the previous year. Previous proposals also called for part of the allocation to be based on how many Pell Grant recipients the campus graduated, with the rest based on need.

The President is proposing other changes, including somehow keeping the subsidized Stafford Loan interest rate at 3.4% after July 1, 2013, when it will otherwise rise to 6.8%, and an increase in funding for work study.

Congress did not enact the direct Perkins proposal in 2009-2010 when Democrats controlled the House of Representatives, and Republicans have not shown any interest in the proposal since they took the majority in 2011.

Meanwhile, the Department of Education has issued guidance saying that **campuses should continue to fully operate their Perkins programs, making loans to students with financial need**. The program like other student aid programs is authorized though **September 30, 2015.** (See the Dear Colleague letter GEN11-02 from February 2011 for confirmation of that.)

Show Schedule

This quarter we will be attending two (2) Conferences. If you are planning to attend, please plan to stop by and visit with us!

In April we will be unveiling our new display at the **PDG—Bursar's Conference** in Savannah, GA and in May we will be attending **H.E.A.R.O**. in Pittsburgh, PA.

We hope to see many of you at these and other conferences throughout the year!

Looking to Expand

This month we at Access took another step forward as we look to continue to expand our campus based higher education business. As many companies are turning away from the campus business fearing changes in Perkins and Bankruptcy, we are working to find better ways to collect and focusing on all the campus based needs (Tuition and fees, HPSL, Nursing LDS and Institutional Loans) to keep your cash flowing. To help us understand the business from a different view point we have added **Mark Goodman** formerly of Temple University, as a consultant. Mark will work closely with Pam and our Towson based staff. We look to tap into his knowledge and experience in many areas to give you, our clients enhanced service and results. If at any time you would like the benefit of Mark's input or help, just let Pam know.

Excessive Student Borrowing: Private Loans and Bankruptcy

From The Chronicle of Higher Education by Sandy Baum & Michael McPherson
April 20,2012

The following article is reprinted as we felt it had merit discussing the current situation of excessive student debt. We question if students "need" all the funds they borrow and how much is replacing parental or student contribution that is nonexistent due to the recession wiping out savings, investment, and causing job loss.

Stories of students struggling under the crushing burden of $80,000 of debt or more for a bachelor's degree that has yet to lead to employment are not representative, but they are more common than they should be. Virtually all students with so much undergraduate debt have relied on private loans, in addition to federal loans. Federal policy makers should move to end the confusion between these two forms of borrowing.

Many people believe that student loans are on the verge of ruining the economy, or at least destroying the lives of a generation. Others suggest that these students are simply irresponsible. Instead of taking either of these extreme perspectives, we should think carefully about the systemic problems contributing to this situation and potential policy changes that could make these circumstances fewer and farther between in the future.

A fundamental problem is that the category "student loans" is not limited to federally subsidized and guaranteed loans that come with limits on borrowing, identical terms regardless of a student's credit history, and strong repayment protections. Instead, Congress has seen fit to define a subset of unsecured personal loans as student loans. These loans are not dischargeable in bankruptcy.

The role of bankruptcy in our financial system is to allow borrowers to get relief on reasonable terms when circumstances render them unable to live up to the terms of their agreements. It provides borrowers a chance to go on with their lives, although not without suffering penalties, and lenders to gain reasonable relief and move on in their businesses. Eliminating the option of bankruptcy substantially increases the power of lenders to press borrowers who lack much legal recourse. As a result, lenders have little incentive to deny credit to students who are highly unlikely to be able to repay their debts. But they do charge stunningly high interest rates to account for the risk they are taking. Labeling these loans as “student loans” conveys to young and ill-informed students the idea that these are “good” loans. Many do not know that these loans are very different from federal loans.

An obvious necessary step is to eliminate this privileged category of private student lending. Student loans should only include government-backed loans with special conditions for students. We subsidize these loans because students’ lack of collateral makes them poor candidates for standard private credit markets and because we have a national interest in increasing educational attainment among people without adequate resources to fund their studies up front. We should label and treat so-called “private” student loans as exactly what they are—unsecured personal loans. And like other such loans, they would be dischargeable in bankruptcy.

We of course can’t prevent students from supplementing their budgets with credit cards, bank loans, or any other problematic means of financing. But we can stop providing incentives for both students and lenders to engage in this questionable activity by giving the loans a misleading label and granting the lenders unusual collection privileges.

Even if we eliminate private student loans, we will still find some students borrowing excessive amounts of money to follow educational paths with low probabilities of success or with success leading to earnings likely to be insufficient to support the necessary debt payments—and no doubt some lenders will still be willing to give them credit. But eliminating these misleading labels and special protections for lenders will make these mistakes less common.

It is rare to find situations where it makes sense for students to borrow $80,000 or $100,000 for their undergraduate education. In most cases, they don’t have to do this. Many are enrolling in institutions that charge more and/or give less generous financial aid than other available options, succumbing to unscrupulous pitches from either for-profit or non-profit colleges and from profit-seeking lenders. We have to figure out how to discourage this sort of behavior.

There will always be wealthy parents who want to spend $200,000 to provide their children with four years of comfortable living while they study studio art or social work or elementary education. Some will think that it’s not fair that some young people have this opportunity and others don’t. But it’s even less fair to encourage less-privileged young people to incur excessive debt on bad terms that will burden them for years to come.

Instead of pushing panic buttons about student debt we should stop privileging private student loans and we should do a much better job of discouraging students from borrowing money just because it’s there in order to follow paths unlikely to pay off. We have a public system of postsecondary education that, despite the strain it is under, provides affordable opportunities for people to follow their dreams. That system needs more support. And we have a wide variety of educational paths with very high pay-offs—both financial and otherwise—for most students. It is vital that we make sure that adequate student loans—real student loans with government backing—are available to students for their basic educational needs.

Student loans open many doors for many students. We can’t and shouldn’t abandon them. But we have to deliver them more carefully.

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Access on Higher Education : Nice people collect more

ACCESS Receivables is a Woman Owned Business that has specifically been serving Campus Based Clients in Higher Education for over two decades. We have chosen to remain focused in this area and our experienced management team is focused on developing the best means to help your students resolve their financial obligations and return to the campus to continue their education or as proud alumni.

The goal of a third party agency is to preserve the relationship of the educational institution while collecting the debt. Our **"Nice People Collect More"** approach helps ensure this occurs. We are an innovative leader in the collection industry as demonstrated by being the first agency to offer a client web portal and secure online payment site for their debtors.

Our clients have a secure view of all of their accounts via our client web-portal. This site is linked to our host system thus providing clients with the ability to view the actual notes on each account placed with our company and more.

We realize that when we're collecting the university funds speed is important but also understanding the debtor's situation. We use a process in collecting that has been developed over the years to maximize recoveries for our school clients that also maintains the relationship with the future alumni. We have highly trained collectors and have invested in a full time training manager to oversee new and ongoing employees and provide staff with ongoing training for regulatory & compliance training in higher education. Additionally, we maintain a consulting relationship with former campus based management so that we receive constant feedback and guidance from the unique Campus based need perspective.

We will perform all functions in accordance with the rules, regulations & provisions of higher education lending that govern our business including:

- Health Professions Student Loans (HPSL)
- Primary Care Loans (PCL)
- Nursing Student Loans (NSL),
- Loans for Disadvantage Students (LDS)
- Federal Perkins Loans
- Institutional Loans
- Fair Debt Collections Practices Act and all laws (State and Federal) pertaining to Tuition and Fees

We follow the regulations, guidelines and have specific processes of collecting for education clients including:

- Reducing Cohort default
- We understand the importance of Cohort and for those institutions that refer cohort accounts to us, we work with them to make sure that we bring these borrowers into repayment or have the correct deferment or forbearance applied.
- Bankruptcy law and its application in the education industry
- ABC's of tuition debt collection
- And school-specific information that govern:
  - Institutional monies
  - Deferment and entitlements
  - Perkins rehabilitation
  - Consolidation
  - Legal filing requirements
  - Other process as well as dispute procedures

To ensure we are abreast of ongoing changes in the industry, our Management Team monitors:

- IFAP (Information for Financial Aid Professionals)
- Various List Serves so we know what is on the mind of our Campus based clients
- ACA International for up to date information on all collection and bankruptcy laws

ACCESS offers a proven management team, innovative technology, the highest ranked skip tracing capabilities, exceptional staff and a painstaking approach. These factors have propelled ACCESS to be the best performing vendor for many educational institutions in the past and will for YOUR campus in the future. ***Call us at 1-877-276-8600 to get all the details!***