



Second Alliance, Inc.

Campus Based Loans and Receivables

Interview With a Collection Agency

This presentation will begin at 11:00am Pacific Time

Scott Holmquist
President, Second Alliance, Inc.



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Campus Based Loans and Receivables

Interview With a Collection Agency

- How many different ways does a collection agency serve a school?
- What are different approaches agencies use when collecting debts?
- What are the latest collection methods and programs?
- Performance Analysis. Analyzing the complete data to really know How Much was Recovered
- Q and A

Scott Holmquist
President, Second Alliance, Inc.

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- How Many Ways can a Collection Agency Serve a School?
- Benefits to You and Your School
- Benefits to Your Student
- Recoveries



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- **Benefits to You and Your School**
- **Regulation Compliance**
FERPA, FDCPA, GLB, Red Flags, Etc.
- **Strategy**
Effective Collection Procedures, Calling and Letter Plans
- **Policies and Procedures**
Best Practices Writing, Review and Consultation
- **Training**
Webinars, Conference, Online Discussions and Tutorial Sessions, Email Support
- **Resources**
Website, Online Access, Reporting, Financial Literacy, Availability



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- Benefits to Your Student
 - Customer Service
 - Financial Literacy, Money Management Skills and Financial Tools
 - Empathy and Influence
 - Guidance
 - Embrace a Positive Experience with a Sense of Restoration
 - CURE, Arrearage and Rehabilitation Programs



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- Recoveries
- Money
- Net Recovery
- Reputation
- Retention
- Ranking



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- What are different approaches agencies use when collecting debts?
 - Clearinghouse
 - Customer Service
 - Litigious (40% collectable)
 - Mission Alignment
 - Influential
 - Osteopathic
 - Understanding Student Default and the Path to Success



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- The Reasons Behind Student Default
- Adverse Circumstances
- Irresponsibility
- Denial
- Obliviousness



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- Knowing What We're Dealing With
 - Distress
 - Difficulty
 - Immaturity
 - Entitlement
 - Insecurity
 - Embarrassment



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- What we can Provide
- Leadership
- Support
- Guidance
- Debt Counseling
- Education
- Financial Tools



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- What are the latest collection methods and programs?
- CURE
- Arrearage Collections
- Rehabilitation
- Letter Series and Auto Dialers



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- **CURE**
- It saves your Curable students (accounts) from languishing in collections and becoming 'institutionalized'
- Students that successfully graduate from CURE program are returned to your school for regular repayment
- CURE is a highly cost-effective alternative to traditional collection agency placement



Second Alliance CURE Program

CURED	Fee to agency	Fee saved	Principal Balance	Interest
\$3,211.60	\$200.00	\$541.24	\$ 3,117.16	\$ 94.44
\$141.87	\$12.77	\$19.98	\$ 135.00	\$ 6.87
\$1,957.35	\$176.16	\$275.59	\$ 1,733.00	\$ 224.35
\$3,130.68	\$200.00	\$522.56	\$ 3,069.00	\$ 61.68
			\$ 308.00	\$ 6.19
\$7,203.94	\$200.00	\$1,462.67	\$ 7,062.00	\$ 141.94
			\$ 4,157.28	\$ 1,168.05
\$4,499.56	\$200.00	\$838.50	\$ 4,324.00	\$ 175.56
			\$ 705.00	\$ 435.05
\$420.38	\$37.83	\$59.19	\$ 402.00	\$ 18.38
\$6,575.50	\$200.00	\$1,317.63	\$ 6,575.50	\$ -
			\$ 3,840.00	\$ 77.18
\$8,297.00	\$200.00	\$1,714.95	\$ 8,297.00	\$ -
\$6,424.00	\$200.00	\$1,282.66	\$ 6,424.00	\$ -
			\$ 6,730.00	\$ 489.83
\$16,314.04	\$200.00	\$3,565.28	\$ 16,314.04	\$ -
			\$ 3,192.00	\$ 299.00
			\$ 10,458.00	\$ -
			\$ 12,160.72	\$ -
\$725.15	\$65.26	\$102.10	\$ 626.00	\$ 99.15
			\$ 8,117.60	\$ 163.15
			\$ 5,215.00	\$ 1,085.21
			\$ 654.00	\$ 26.54
\$506.98	\$45.63	\$71.38	\$ 497.00	\$ 9.98
\$1,207.79	\$108.70	\$170.06	\$ 1,184.00	\$ 23.79
\$60,615.84	\$2,046.36	\$11,943.78		
			\$ 115,297.30	\$ 4,606.34
Total Placed	\$ 119,903.64	Number of accounts	25	
Total Cured	\$60,615.84	Accounts CURED	14	
Percentage	50.55%	Percentage CURED	56.00%	
		Cost to Cure	3.38%	

Examples from a recent CURE placement

Second Alliance CURE Program

Type Of Debt	Debt	Debt CURED	Fee Paid to Agency	Fee saved by Client
Tuition	\$386.00			
Tuition	\$872.50	\$872.50	\$78.53	\$122.85
Tuition	\$3,632.00			
Tuition	\$1,405.20	\$1,405.20	\$126.47	\$197.85
Tuition	\$392.00			
Tuition	\$1,215.25	\$1,215.25	\$109.37	\$171.11
Tuition	\$3,001.56			
Tuition	\$290.00			
Tuition	\$1,855.00	\$1,855.00	\$166.95	\$261.18
Tuition	\$5,260.00	\$5,260.00	\$200.00	\$1,014.01
Tuition	\$5,847.68	\$5,847.68	\$200.00	\$1,149.64
Tuition	\$1,955.00			
Tuition	\$636.13			
Tuition	\$1,967.00			
Tuition	\$1,220.00			
Tuition	\$1,516.95			
Tuition	\$2,516.52	\$2,516.52	\$200.00	\$380.81
Tuition	\$412.50			
Tuition	\$533.00			
Tuition	\$4,743.14			
Tuition	\$5,054.12	\$5,054.12	\$200.00	\$966.49
Tuition	\$594.00			
Tuition	\$3,632.00			
Tuition	\$5,260.00	\$5,260.00	\$200.00	\$1,014.01
Tuition	\$115.00	\$115.00	\$10.35	\$16.19
Tuition	\$10,533.11			
Tuition	\$165.00			
Tuition	\$3,195.03			
Tuition	\$2,199.08			
Tuition	\$6,097.10			
Tuition	\$1,380.00	\$1,380.00	\$124.20	\$194.30
Tuition	\$558.43			
Tuition	\$8,681.62			
Tuition	\$2,610.00			
	\$89,731.92	\$30,781.27	\$1,615.87	\$5,488.45
	\$89,731.92		Number of Accounts	34
	\$30,781.27		Accounts Cured	11
	34.30%		Percentage	32.35%
		Cost to cure	5.25%	

Examples from a recent CURE placement

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- What are the latest collection methods and programs?
- Arrearage Collections
- Letter Series and Auto Dialers
- Rehabilitation



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- Loan Rehabilitation 34 CFR 674.47(d)
- Collection costs resulting from rehabilitation. Collection costs charged to the borrower on a rehabilitated loan may not exceed 24% of the unpaid principal and accrued interest as of the date following application of the ninth payment. Collection costs are not restricted to 24% in the event that the borrower defaults on the rehabilitated loan.



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- Performance Analysis. All of the Factors to Measure.
- Amount Placed \$100,000.00
- Amount Recovered \$30,000.00
- Recovery Percentage 30%
- Right?
- Wrong?
- Maybe?



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- Performance Analysis. All of the Factors to Measure.
- Interest Accrual
- Collection Costs
- Recent Placements
- Recent Cancellations
- Time Frames – Fiscal 2017



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- Performance Analysis. All of the Factors to Measure.
- What percentage of dollars were collected
- What percentage of students have paid
- What percentage of students are currently paying
- What percentage of students are in communication that represent potential future payment
- What percentage of the portfolio was placed in the last six months



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- Performance Analysis. All of the Factors to Measure.
- What percentage did the agency keep or how much did that recovery cost you?
- What percentage of students languished in collections at 50 bucks a month
- What percentage of students returned to complete their degree
- What percentage of students didn't have access to their grades and transcripts when a better job came up
- What percentage of students received financial literacy education
- What percentage of students were better through the collection experience



Second Alliance

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Refer to Spreadsheet

Thank you!



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- Scott Holmquist
President
- 800 830-7570 x 112

Visit us at: www.secondalliance.com