

UHEAA BOARD OF DIRECTORS

UHEAA EXECUTIVE DIRECTOR'S REPORT

December 4, 2014

Utah Higher Education Assistance Authority

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Federal servicing update

- ❑ CornerStone has met or exceeded all U.S. Department of Education servicing requirements.
- ❑ Strong performance metrics
- ❑ Challenging portfolio of mature, in-repayment loans



Servicer performance metrics

1. % of borrowers current on payments
2. % of borrowers > 90 days delinquent
3. Resolution of borrowers delinquent > 180 days
4. Borrower survey score
5. U.S. Department of Education personnel survey score



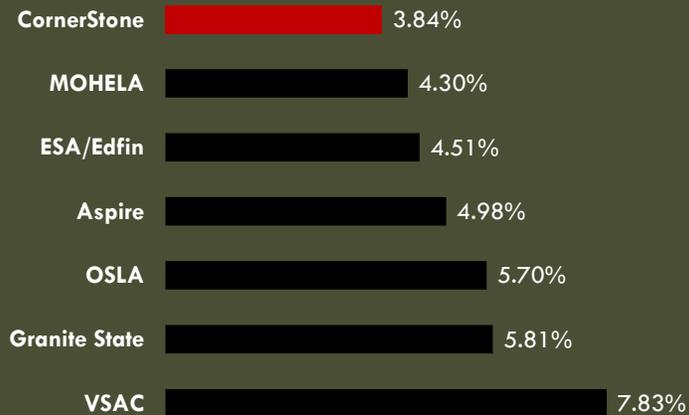
Federal servicing update

UHEAA: Top performance metrics
Consistent, strong execution



Lowest delinquency of all portfolios

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Delinquency management

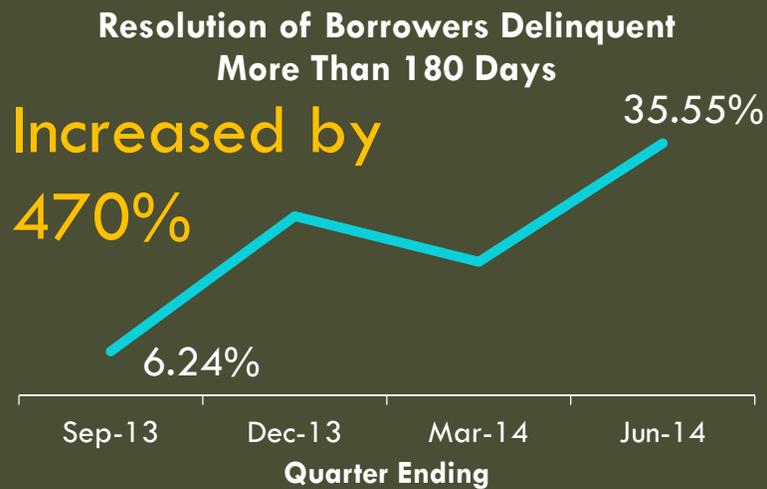
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- Dedicated unit focusing on late-stage delinquency
- Hand-picked, high-performers



Metric performance

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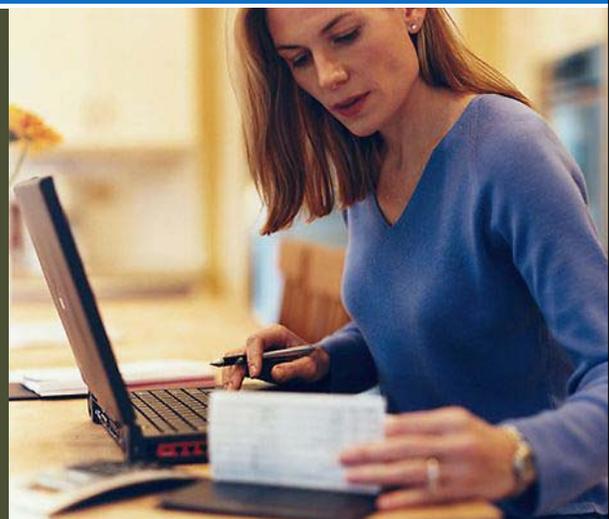
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Delinquency management

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E-mail campaigns

- Relief options
 - *Relief Is Just a Signature Away*
 - Fresh Start
 - Smart Solutions



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Enhanced skip-tracing tools

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*“Anybody we can find,
we can help.”*



Social Media



LinkedIn



Facebook



Twitter

Pilot program with ED

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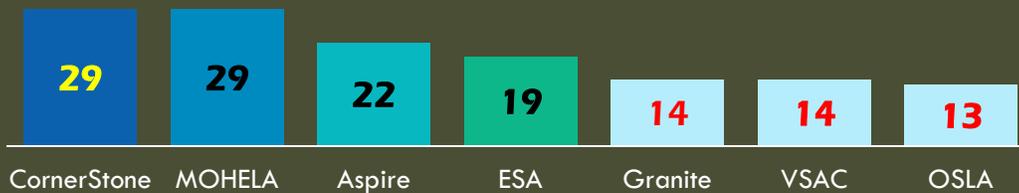
Only CornerStone chosen by US
Department of Education for late-
stage delinquency pilot program.



Federal servicing update

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- ED notified three low performers they were out as servicers: New Hampshire, Vermont, and Oklahoma.
- Their 400,000 accounts would be redistributed to remaining servicers.



Federal servicing update

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All three of the low-performing servicers were reinstated a week later.



Federal servicing update

- U.S. Department of Education released draft allocation and asked for comment.
- UHEAA submitted an objection to the draft allocation.



UHEAA Objection to Servicing Allocation

Servicer	Total Performance Metric Score	FSA Proposed Allocation Percentage	Contractual Allocation Percentage
CornerStone	29	4.00%	21.00%
MOHELA	29	50.00%	21.00%
Aspire Resources Inc.	22	14.00%	16.00%
ESA/EdFinancial	19	24.00%	13.00%
Granite State - GSMR	14	4.00%	10.00%
VSAC Federal Loans	14	2.00%	10.00%
OSLA	13	2.00%	9.00%
Combined Totals	140	100.00%	100.00%

NFP teaming arrangements

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Prime Contractors	Number of Other Team Members
MOHELA	13 team members
ESA/Edfinancial	9 team members
Aspire	4 team members
New Hampshire	1 team member
CornerStone	
OSLA (Oklahoma)	
VSAC (Vermont)	
Total # of Primes = 7	Total # of team members = 27

Meeting with Department of Education: Early September

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- ❑ Size is not a performance metric
- ❑ Team members made no financial investment and did not perform any servicing
- ❑ Contract allocation methodology was based on performance, not the number of teams
- ❑ Top performance should be rewarded with top allocation

Future allocations

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- Department posted announcement that next year's allocation will not consider the number of teams



Federal servicing for 2015

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Two favorable expectations

- Volume based on performance
- Access to new accounts as early as January 2015 (through Department's Common Origination and Disbursement (COD) system)



Management's plan regarding Federal Servicing

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Three-pronged approach

1. Operational excellence
 - Focus on leading the race not just running it.



Federal servicing

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2. Relationship with U.S. Department of Education
 - ED is our customer
 - Rehabilitation loan servicing proposal



Federal servicing

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3. Political solution

- Letter signed by all members of Utah's delegation



Washington visit December 10, 2014

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Will meet with Senator LaMar Alexander's lead higher education staffer.

- Next Senate HELP Committee Chair



Overall goal

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Position UHEAA to serve Utah students regardless of the direction in Washington.



Revised budget

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- February 2015 meeting
- UHEAA projected positive net income at June 30, 2015: \$4.1 million



UHEAA student loan servicing volume

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Total loan servicing volume at UHEAA:

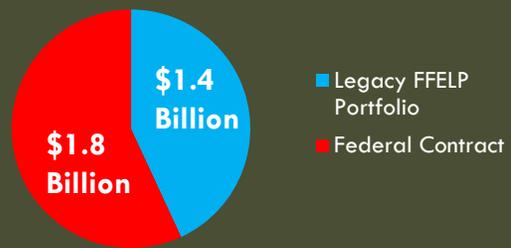
□ 195,000 accounts

□ \$3.2 billion

Number of Accounts



Dollar Volume



2014 Accomplishments

26



1. Achieved top metrics on Federal servicing

- lowest student loan delinquency of all NFP servicer portfolios



2014 Accomplishments

27

2. Purchased the Wyoming portfolio: \$6.3 million gain

- ❑ \$208.2 million
- ❑ 46,200 loans
- ❑ Strong economic advantages: limited risk
- ❑ High quality federally-insured loans
- ❑ Wyoming loans converted to UHEAA servicing system with no staff increase



2014 Accomplishments

28

3. Completed total debt restructure of more than \$1.3 billion

- ❑ All bonds moved to stable financial footing
- ❑ Standard & Poor's reaffirmation of AAA Bond Rating



2014 Accomplishments

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- 4. \$75.7 million equity increase



2014 Accomplishments

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- 5. Strengthened business development with hiring of new business development and marketing manager, Ben Aguayo



2014 Accomplishments

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6. Continued Repay Centsibly default prevention efforts

- ▣ > 800,000 communications
 - 400,000 e-mails
 - 216,000 texts
 - 195,000 phone calls
 - Eight participating institutions



2014 Accomplishments

32

7. Clean financial statement audits

- ▣ From State auditors
- ▣ Securities & Exchange Commission (SEC) Municipalities Continuing Disclosure Cooperation Initiative (MCDC)
- ▣ **No reportable findings**



2014 Accomplishments

33

8. Implemented new Veteran's Tuition Gap Program –

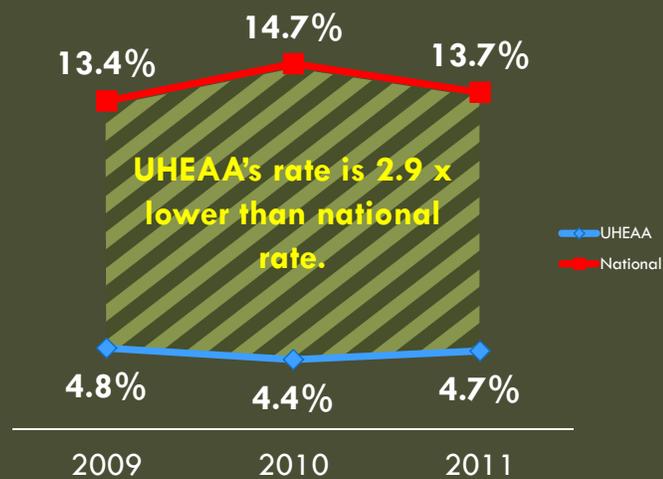
- ❑ Policy developed
- ❑ Funds disbursed - \$200,000
- ❑ Initial awards made
- ❑ Administrative costs absorbed into UHEAA operations



2014 Accomplishments

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9. Cohort Default Rate



2014 Accomplishments

35

10. Supported institutions and financial aid community with training and conference support.



Tax seminar



Forum



RMASFAA



2014 Accomplishments

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11. Continued financial contributions totaling \$820,000 in 2014 to support scholarships and the office of the commissioner.

- \$4.1 million over last 4 years



2014 Accomplishments

37

12. Provided \$10.3 million in borrower benefits bringing our cumulative borrower benefits to \$199 million.

Total Savings Using Borrower Benefits



2014 Accomplishments

38

13. Provided \$176,000 in UHEAA Grants bringing total to over \$11 million.



2014 Accomplishments

39

14. Rehabilitated loans for:

- 1,067 borrowers
- \$13 million



Key initiative in 2015

Launch private student loan program for students in high-cost, high-demand programs.

- Costs of attendance in excess of Federal student loan limits

- Medicine
- Physicians Assistant
- Pharmacy
- Physical Therapy
- Law



- Nurse Anesthetist
- Engineering
- Computer Science
- Business
- Veterinary medicine

Living the Vision

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Amanda Turner
Delinquency Mgt.



Erin Nelson
Data Processing



Amy Fechter
Finance



Rose Amador
Collections



Debbie Phillips
Systems Support



Sasha VanOrman
Systems Support