The Praxis Institute Default Management Plan

Overview

The Praxis Institute (TPI) believes that student default rates are a measure of student success and therefore it is the responsibility of the entire institution, not just the Financial Aid Office, to manage the institution's federal student loan default rate. TPI will use the Default Management Plan to:

• Determine TPI source of default risk.

• Develop a default management plan with actions focused on reducing TPI's default rate.

• Continuously monitor TPI's default rate, assessing the effectiveness of default rate activities over time and determine any adjustments needed to default prevention activities.

• Keep TPI's administration, faculty, and staff informed of current default information and possible consequences to TPI.

Plan

I. Measures to Reduce Defaults by Dropouts

1. All students must have a high school diploma or equivalent.
2. At risk students are identified early in the program. Students performing poorly on a on a test are assigned tutors to address their weaknesses. A new test is administered and the scores are averaged. Students who continue to perform poorly on tests are assigned to additional tutoring and/or extra classroom hours. Standards of academic progress will require that all students demonstrate sufficient progress towards graduation. Counseling services are provided by instructors and/or the student services representative.
3. The Director has established an institutional plan for development. The plan is reviewed and revised semi-annually. It addresses curricula, facilities, materials, equipment, and qualifications and size of faculty.
4. Student attendance is monitored on a daily basis. All students are required to sign in and sign out in the presence of the instructor. The instructor reports absences to the record clerk who calls students daily. A student who has been absent for 14 calendar days shall be dropped from the program.

5. Compensation structure for enrollment representatives is salary without commissions, incentives or quotas.
6. The institution's refund policy will be the greater of standards, the accrediting agency, or that required by the U.S. Department of Education.
7. Certification of all first time borrowers' loans will be delayed per 34 CFR 682 ©.
8. Student borrower funds will be distributed as follows:
   a) Funds will be posted to the student's account; notification of receipts of funds & the right to cancel all or portion of the loan is given to the student.
   b) After deducting institutional charges, the remaining loan proceeds will be disbursed to the student borrower at the institution.

II. Measures to Reduce Defaults Related to Borrower's Difficulty in Finding Employment

1. The institution maintains an active placement department, which provides the following services for all students:
   a) Resume writing
   b) Interview preparation
   c) Active database of employers currently seeking graduates.
   d) Placement services for employed graduates seeking job change.
   e) Referrals
   f) Employer surveys

III. Measures to Improve Borrower's Understanding & Respect for the Loan Repayment Obligation:

1. The institution will maintain a proactive stance with respect to loan repayment. The administration will contact each borrower whenever the lender or direct loan service center requests pre-claim assistance. The institution will make every attempt to maintain current information about students. Students are encouraged to continually inform the school of changes (address, etc.) via the continuing educations seminars.
2. The institution realizes the importance of cooperating with lenders or direct loan service center in their collection efforts in keeping the default rates at a minimum. Emphasis on the importance of the repayment obligation and of the consequences of default will begin with orientation and continue throughout the program. If applicable, students will be contacted during the grace period and urged to make current payments. Consistently updated records provided by the vehicles listed above in # 1 will maintain telephone contact.
3. The institution will include questions in the application process which will provide information regarding references, names and addresses of references and family members which will enable the institution to provide the lender with a variety of ways to locate the borrower who later relocates without notifying the lender.
4. The student will be informed that the student's dissatisfaction with or non-receipt of the educational services being offered by the institution does not

excuse the borrower from repayment of any Direct Loan to the borrower for enrollment at the institution.

Entrance Counseling

1. Provide information to the borrower regarding the terms and conditions of Direct Loans for the interest rate, applicable grace period, date when first installment is due, and description of change imposed for failure to make a timely installment payment.
2. Explain the borrowers' responsibility to inform his or her lender of any change in address, telephone number, or social security number.
3. The borrower's right to deferment, cancellation or postponement of repayment, and the procedures for obtaining those benefits.
4. The borrower's responsibility to contact his or her lender timely, before the due date of any payment he or she cannot make.
5. Provide information on the availability of forbearance under the circumstances and procedures described in 34 CFR Part 682.
6. Provide general information on the average indebtedness of student borrowers who have obtained a Direct Loan for attendance at that institution and the average amount of a required monthly payment based on that indebtedness.
7. The estimated balance owned by the borrower on Direct Loan and the average amount of a required monthly payment based on that balance.
8. Detailed information regarding consequences of the failure to repay the loan, including a damaged credit rating for 7 years, loss of deferment options, possible seizure of federal and state tax returns, garnishment of wages and loss of eligibility for further Federal IV student assistance.
9. The counseling will review repayment options (e.g., loan consolidation, refinancing) available to borrower.
10. The institution will explain the sale of loans by lenders and use by lenders of outside contractors to service loans.
11. The institution will provide general information on budgeting living expenses and other aspects of personal financial management.
12. During entrance counseling session institution provides Pantheon Student Solution Default Management Program brochure.

Exit Counseling

1. Interview and counsel referring to pre-loan counseling.
2. Provide a sample loan repayment schedule based on the borrower's total loan indebtedness for attendance at the institution.
3. Provide the name and address of the borrower's lender according to the institution's records.
4. Provide guidance on the preparation of correspondence to the borrower's lender or direct loan service center and completion of deferment forms.
5. The institution will update the borrower's address, that of next-of-kin, and the employer.

IV. General

1. The institution will conduct an annual comprehensive self-evaluation of its administration of Title IV programs to identify institutional practices that should be modified to reduce defaults, and then implement those modifications. This self-evaluation will be integrated into the institutional plan for development.