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Why "campus based" servicing is a critical part of the financial aid system:

- 1. Campus based servicing for Perkins Loans helps to create an infrastructure that allows schools, particularly large institutions, to service other types of institutional and profession based loans as well. This benefits students because the local touch provides tailored and personal financial advice, placing an emphasis on financial well-being and default prevention.**
- 2. Schools and their servicers provide counseling on all student debt in addition to Perkins.**
 - Campus based programs are effective and efficient. For example, the University of Wisconsin (UW) - Madison Perkins default rate of less than 1% is less than their Direct Stafford Loan default rate, and their system expected family contribution for Perkins put those families in the Pell Grant range. UW is often able to do more with less for their most at risk families.
 - Colleges in the Perkins program often take an almost parent-like role for many students. They assist with mentoring and reduce financial gaps with Perkins or Institutional or Emergency funds. Most institutional loan programs are not profit centered – but student centered.
- 3. Borrowers will accept communications from their school much more readily than from a third party.**
 - Schools can reach students in three to five phone calls, not the 35-40 attempts it can take a third party servicer or guarantee agency. Students recognize the pre-established relationship and answer calls from their institutions.
 - Students tend to feel a sense of pride and loyalty to their alma mater. This creates a feeling of obligation to make good on any balance due to an institution as opposed to owing a balance to some unknown servicer.
 - Campuses routinely process paperwork they receive on the same day, not waiting weeks as may be the industry norm.
- 4. Borrowers are more trusting of their school and when having difficulty will accept advice from the school that will help them get back on track.**
 - Because of established relationships, students will often confide situational details to their institutions that can help school staff provide more thorough and effective

assistance in a timely manner. Particularly in situations of family or health emergencies, school resources can be deployed more rapidly to assist a student to aid in retention and completion.

5. **One-party systems never work – one size does NOT fit all. Campuses are uniquely situated to understand their students’ and former students’ needs and can take a holistic approach, especially in helping students stay in school or return to complete their degree.**
 - Schools bring value to “non-completers.” Drop outs tend to default with all the debt but none of the income potential a degree offers. Schools work with students by helping them to return and graduate.

For more information, please contact:

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