

# Determine the Root Cause of Financial Difficulty

Communicate to the borrower your desire to help by using a transitional phrase:

*"I understand that you are having problems making your payments.*

*Let me ask you a few questions and then we can see what options we have available for you."*

## Account information to look at...

1. How long has the borrower been in repayment?
2. How far delinquent is the account?
3. What type of school did the borrower attend?
4. Loan balance
5. Payment history

## Things to think about:

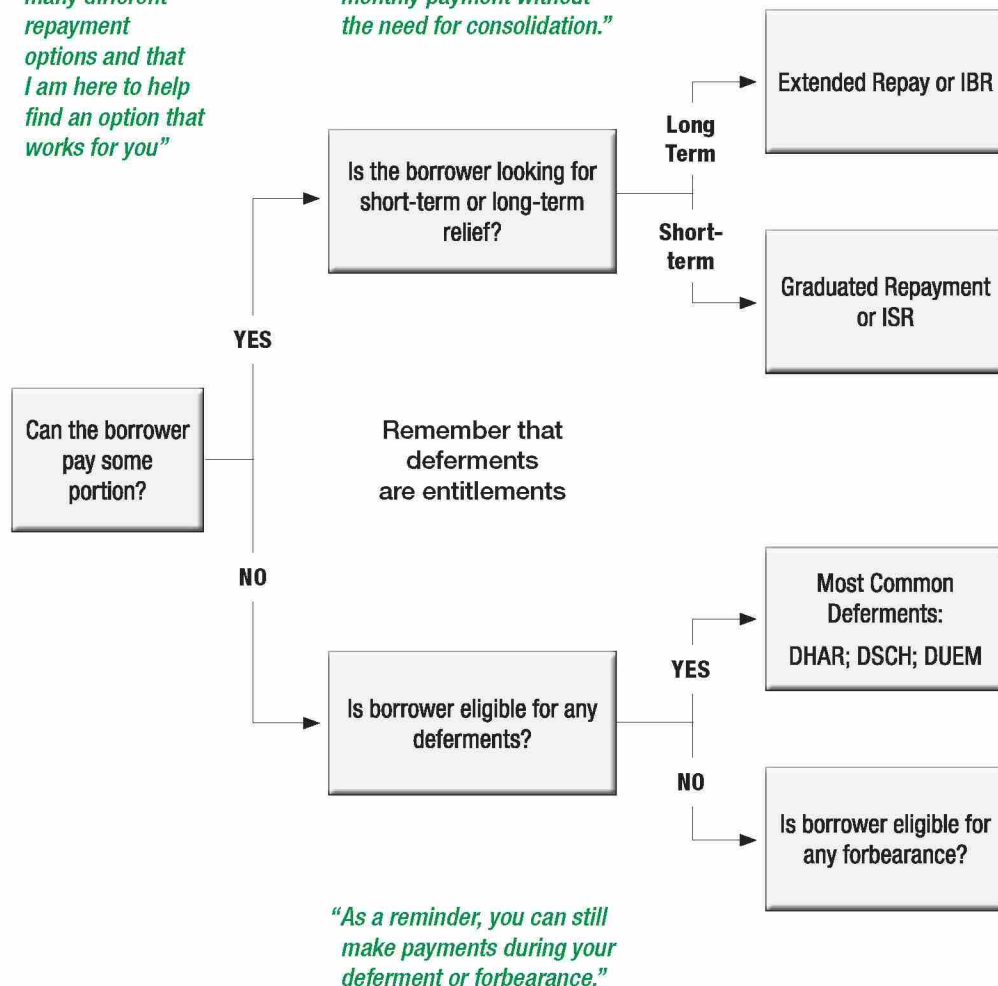
1. What is the borrower's future earning potential?
2. Where is the borrower in their career life cycle?
3. Is this the first time the borrower called about payment issues?
4. How does the borrower's income compare to their balance?
5. Has the borrower already researched their options?
6. Can the borrower comfortably/consistently make payments?

## Probing questions to ask:

1. What caused the difficulty?
2. Are you looking for short-term or long-term relief?
3. Are you still in school?
  - If yes, are you in school at least half time?
  - If no, do you plan to go back to school?
4. Are you working?
  - If yes, how many hours per week are you working?
  - If no, are you actively seeking employment?
5. How much can you afford to pay?

*"I want to assure you that there are many different repayment options and that I am here to help find an option that works for you"*

*"Extended Repayment is a great way to lower your monthly payment without the need for consolidation."*



**Forbearance should not be considered until all other options have been exhausted.**

# Repayment Options Guide

Can Make Monthly Payments

CAN NOT Make Monthly Payments

	Types of Borrowers	PROS	CONS	Talking Points
<b>Extended Repayment</b>	<ul style="list-style-type: none"> <li><b>Borrowers looking for a lower payment</b></li> <li><b>Borrower looking for consolidation</b></li> <li>Borrower with at least \$30,000 balance</li> <li>Borrowers looking for long-term relief</li> <li>Borrowers who are underemployed</li> </ul>	<ul style="list-style-type: none"> <li>Lower monthly payments</li> <li>Payments go towards principal and interest</li> <li>Can be processed immediately: Phone/MYL</li> <li>One-time Processing [no annual renewal]</li> </ul>	<ul style="list-style-type: none"> <li>Interest accrues over longer term</li> <li>Higher total payment over the life of the loan</li> </ul>	<ul style="list-style-type: none"> <li>Offers a lower monthly payment without the need for consolidation</li> <li>Can return to non-extended level repayment plan at any time</li> <li>No annual renewal</li> </ul>
<b>Graduated Repayment</b>	<ul style="list-style-type: none"> <li><b>Borrower is looking for short-term relief</b></li> <li>Recent graduates</li> <li>Borrowers not working in their field of study</li> <li>Borrowers with high earning potential</li> </ul>	<ul style="list-style-type: none"> <li>Lower [interest-only] payment for first 2-4 years</li> <li>Can be combined with Extended Repayment</li> <li>Can be processed immediately: Phone/MYL</li> </ul>	<ul style="list-style-type: none"> <li>Not paying principal during this time</li> <li>Payments will increase after 2-4 years</li> </ul>	<ul style="list-style-type: none"> <li>Good short-term relief</li> <li>You can always make payments above minimum if you are able</li> <li>You can return to a non-extended level repayment at any time</li> </ul>
<b>Income Based Repayment [IBR]</b>	<ul style="list-style-type: none"> <li><b>Borrowers experiencing long-term financial hardship</b></li> <li>Low Income relative to loan balance</li> <li>Borrowers who are underemployed</li> <li>Borrowers in flat income professions [teacher, nurse, etc]</li> </ul>	<ul style="list-style-type: none"> <li>Loans are forgiven after 25 years of payments</li> <li>Customer benefits are not affected by IBR</li> <li>One application for both ED/SLM loans</li> <li>Interest on SUBSIDIZED portion paid by ED for 3 years</li> </ul>	<ul style="list-style-type: none"> <li>Involved application process - must reapply annually</li> <li>Cannot change due date</li> <li>Customer payment may be less than accruing interest</li> <li>Interest capitalizes when borrower leaves IBR</li> </ul>	<ul style="list-style-type: none"> <li>Good long-term relief since payments are based on adjusted gross income</li> <li>If you continue to make payments on time, you may qualify for our loan forgiveness program</li> <li>You can apply for relief on each loan individually</li> <li>You can complete the application on-line at <a href="http://salliemae.com">salliemae.com</a></li> </ul>
<b>Income Contingent Repayment [ICR] for Direct Lending</b>				
<b>Income Sensitive Repayment [ISR]</b>	<ul style="list-style-type: none"> <li><b>Borrower experiencing a temporary financial hardship</b></li> </ul>	<ul style="list-style-type: none"> <li>Payments based on 4-25% of gross monthly income</li> <li>Can be used for 60 months</li> <li>Payment percentage can be changed</li> <li>Borrower still eligible for Forb/Defer during ISR</li> </ul>	<ul style="list-style-type: none"> <li>Must reapply annually</li> <li>Borrower must provide proof of income</li> <li>ISR does not count against standard terms</li> </ul>	<ul style="list-style-type: none"> <li>You only have to complete one application for all of your loans</li> <li>You can complete the application on-line at <a href="http://salliemae.com">salliemae.com</a></li> </ul>
<b>Deferment</b>	<ul style="list-style-type: none"> <li>Deferment should only be considered after it has been determined that no lower payment option is acceptable</li> </ul>	<ul style="list-style-type: none"> <li>Temporarily suspends monthly payment</li> <li>Interest on SUBSIDIZED portion of loan is paid by ED</li> <li>Borrower can make interest payments during deferment</li> </ul>	<ul style="list-style-type: none"> <li>Unpaid interest will be added to loan balance at end of deferment</li> <li>This increases overall balance, pay back amount and monthly payment amount</li> </ul>	<ul style="list-style-type: none"> <li>Deferment may be good alternative to forbearance</li> <li>DUEM can be processed for 6 mos at a time</li> <li>All other deferments can be processed for 12 months at a time</li> <li>Borrower may be eligible for same deferment more than once</li> </ul>
<b>Forbearance</b>	<ul style="list-style-type: none"> <li>Forbearance should only be considered after it has been determined that no lower payment option is acceptable and borrower is not eligible for any deferments</li> <li>Forbearance can be used to bring account current while customer is addressing long-term solution</li> </ul>	<ul style="list-style-type: none"> <li>Temporarily suspends monthly payment but interest will continue to accrue on a daily basis</li> <li>Borrower can make interest payments during deferment</li> <li>Avoid negative credit reporting and halt collection calls by bringing account up to date immediately</li> </ul>	<ul style="list-style-type: none"> <li>Borrower is responsible for all unpaid interest</li> <li>Unpaid interest will be added to loan balance at end of deferment</li> <li>This increases overall balance, pay back amount and monthly payment amount</li> </ul>	<ul style="list-style-type: none"> <li>Forbearance results in higher loan costs overall you may want to consider a deferment or other repayment plan</li> <li>Forbearance can be processed for 12 months at a time, up to a maximum of 60 months</li> </ul>

Mention Public Service/Teacher Loan Forgiveness Programs [if applicable]; Mention benefits [auto-debit, etc] as a way to reduce payment