

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
Information Item
Cal Loan Collection Procedures
October 27, 2011
Staff Summary

At the December 2, 2010 Authority meeting, the Authority approved the amendment of certain Cal Loan program documents to allow for the implementation of additional collection procedures for pre-default and defaulted loans. The collection procedures were expected to enhance collection efforts by providing the collection agencies, through ALL Student Loan (ALL), administrator of the Cal Loan Program, with tools that would provide them the flexibility and opportunity to take a more active approach to borrower repayment activities while also providing the borrower with increased repayment option incentives.

At the August 25, 2011 Authority meeting, the Authority extended the expiration date of the resolution until December 31, 2011 to allow ALL sufficient time to fairly evaluate the program changes.

As of September 30, 2011, three borrowers with five loans have made the settlement payments totaling \$81,768.96, while one borrower whose loans in the amount of \$10,872.13 has been rehabilitated and reinstated. In addition, ALL has two borrowers currently whose loans in the amount of \$23,338.37 are currently in the rehabilitation program.

ALL would like to further enhance the collection procedures to provide the collection agencies with additional flexibility in their efforts to collect on the defaulted student loans and would also like to consider extend the resolution to provide ALL Student Loan the time to fully implement and evaluate the effectiveness of the proposed changes.