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RGM Memo

Date October 22, 2013
To School Owners and Financial Aid Personnel
RE Default Prevention Task Force

As we can now see, most of the schools Default Cohort Rate increased when the Department changed from tracking student borrowers from a two year period to a three year period.

Schools with a high default rate in multiple years may be required to annually evaluate their Default Prevention Plan, make changes to improve its effectiveness and IN ADDITION, MUST IMPLEMENT A DEFAULT PREVENTION TEAM. The attached presentations came from the USDE which were presented at NASFAA in July 2013 and at the 2012 FSA conference. Please review the presentations, then carefully plan accordingly in preparing and saving documentation of your procedures and implementation action at your school.

Some schools may in fact, be required to submit their default prevention plan to the Department as part of their penalties where a high default rate exists. To our knowledge, as of this date the Department has not published a sample Default Prevention Task Force guide, other than the sample Default Prevention plan published in 2005 which is in our Clients Only section in our website, www.rgmsms.com.

In the meantime, individual institutions should follow the guidance included in the attached Power Point presentations and initiate an institutional Default Prevention Plan and a team that could implement and manage your default prevention plan.

Thank you,
Rafael