STUDENT LOAN SERVICING ALLIANCE

The Student Loan Servicing Alliance (SLSA) is a nonprofit trade association focused exclusively on supporting student loan servicing efforts throughout the United States.

SLSA membership is comprised of the companies, state agencies, non-profits and service partners that support the vast majority of federal and private student loan portfolios. Student Loan Servicers work closely with tens of millions of federal and private student loan borrowers, leveraging their expertise to provide the full range of loan servicing operations – repayment support, customer service, payment |processing, and claims processing.

SLSA works to advocate for federal and state policy that improves loan servicing for all student loan borrowers today and in the future. The alliance also serves as a forum for developing operational and technical best practices to enhance customer service and loan program administration. Ultimately, Student Loan Servicers work consistently to identify obstacles and opportunities within loan programs that can benefit from their expertise and leadership, then formulate and propose workable solutions to simplify and standardize the student loan experience for all borrowers. **SLSA is the leading voice on student loan servicing, working to deliver improved success for all borrowers and families.**

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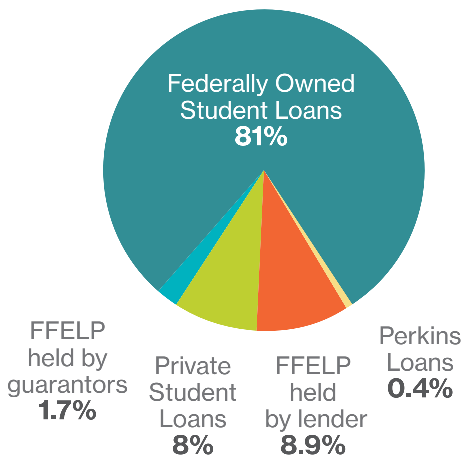
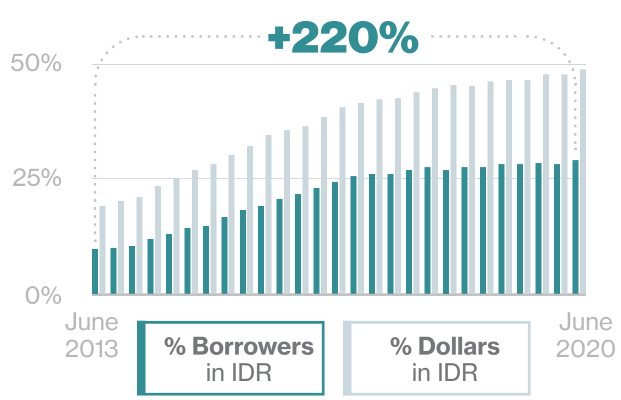
The Student Loan Market



92% of the nation's $1.6 trillion outstanding loans are owned or guaranteed by the federal government, with $1.25 trillion owned directly by ED

Percent of Direct Loans in Income-driven Repayment Plans



Servicing Federal Student Loans.

Nine student loan servicers work under contract to the Department of Education (ED) to service non-defaulted federal student loans.

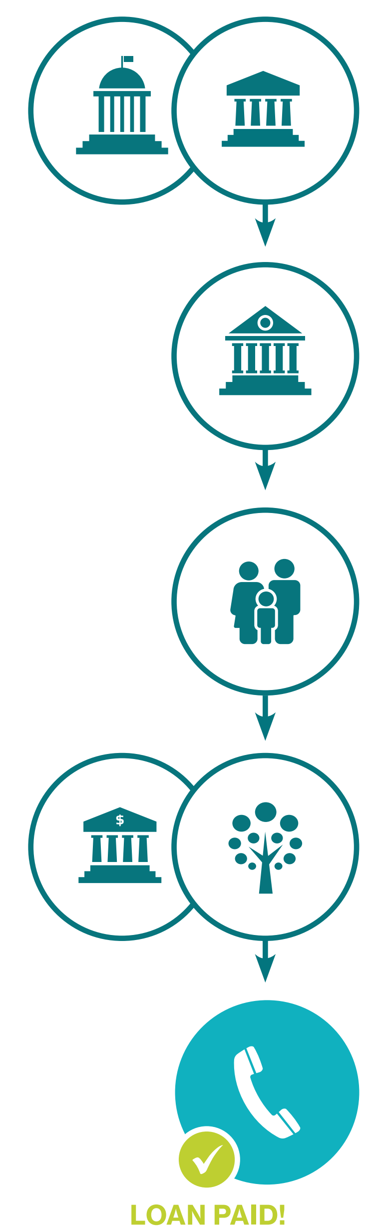
In addition to these Direct Loan servicers, SLSA also represents **20 additional companies that service federal loans made under the now discontinued Federal Family Education Loan** (FFEL) Program (ended in 2010). Together, these servicers represent an estimated 95% of all federal student loans.

Federal Student Loan Servicers have increased enrollment in Income-driven Repayment (IDR) plans nearly five-fold (1.6 million to 8 million) since 2013. Approximately 1/3 of borrowers and half of federal student loan balances are now enrolled in a repayment plan based on the borrower's level of income. Student Loan Servicers consistently to work to educate borrowers about their loan repayment options and help them determine if an IDR plan can help them better manage their student loan payments.

ED pays its federal student loan servicers on a per borrower basis based on the borrower's status (regardless of the number of loans). **Servicers are paid an average of $2 per borrower per month to**:

- **Maintain account records**
- **Send statements and other account notices**
- **Process payments**
- **Process paperwork associated with a myriad of payment statuses**
- **Handle all incoming and outgoing calls to help borrowers access the federal loan options set by Congress.**

The Role of Student Loan Servicers



CONGRESS OR LENDER
set interest rates, loan limits and repayment terms.

COLLEGES
set tuition and fees, define eligibility for borrowing amount and advise students on completion.

FAMILIES
select the college, and choose to borrow to pay the cost of attendance to the school

DEPT. OF EDUCATION OR LENDER
issues loans at congressionally set terms, distributes proceeds to school and assigns loan to a servicer

SERVICE LOAN SERVICERS
work with borrowers to help them assess statutory repayment options and manage their loans

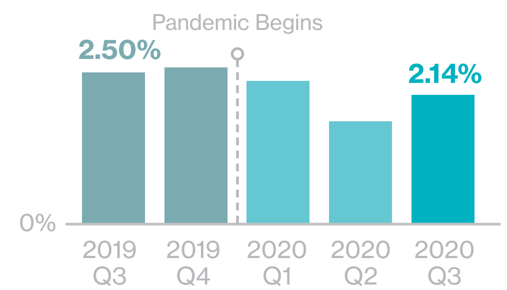
Servicing Private Student Loans: Private student loans can be a good option for borrowers for whom federal loans don't cover the full cost of school.

Available to borrowers through a competitive market of private lenders, private student loans may allow a student to borrow more money than federal loans, but often have higher interest rates. SLSA represents the largest private student loan servicers, that service the vast majority of the private loan market.

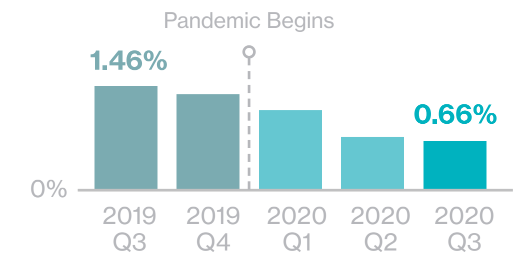
According to the most recent Measure One Private Student Loan Report, at the end of Q3 2020, the private student loan market was estimated at $138.57 Billion – nearly 1/10th of the $1.70 Trillion student loan market. The report shares that students and families are responsibly using private student loans, with 98% of private loans successfully repaid.

Private student loan repayment rates held steady during the COVID-19 pandemic despite lenders offering broad flexibility to suspend payments – 72% of private student loan borrowers continued to make payments throughout 2020, down just 2% from the prior year. And, the rate of delinquency and default among private student loans remained at historic low levels – just 2.1% of private borrowers entered early state delinquency in Q3 2020 and only 1.26% of borrowers defaulted on their private loan in Q2 and Q3 of 2020.

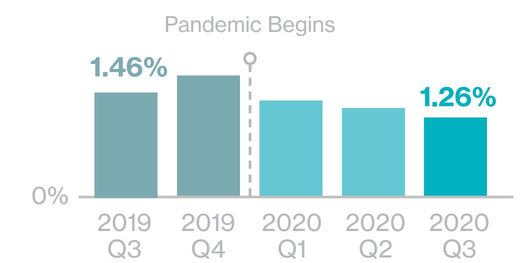
HISTORICALLY LOW DELINQUENCY & DEFAULT RATES
Among Private Student Loan Borrowers



30-89 Days Delinquent
% of Outstanding Balance in Repayment



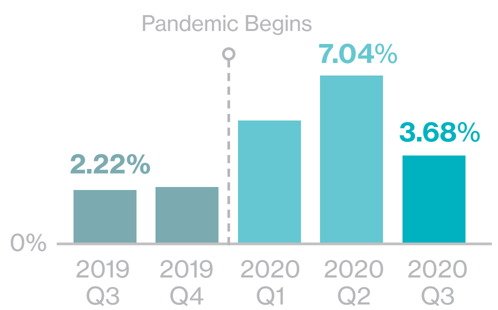
90+ Days Delinquent
% of Outstanding Balance in Repayment



Annualized Charge-Offs
% of Outstanding Balance in Repayment

Most Private Student Loan Borrowers Successfully Weathered the Pandemic

Forbearance
% of Total Outstanding Balance



Interestingly, the data also shows that **short-term use of forbearance, voluntarily offered by lenders and holders, likely prevented many private student loan delinquencies & defaults in 2020**. Borrowers successfully leveraged forbearance options in early 2020, then the use of forbearance among borrowers dropped 48% in Q3 2020 as borrowers successfully resumed making their payments.

MAJORITY OF FEDERAL STUDENT LOAN BORROWER COMPLAINTS ARE OUTSIDE LOAN SERVICER'S CONTROL

35% OF COMPLAINTS

referenced the set terms and rules of federal or private loan programs.

12% OF COMPLAINTS

referenced issues related to institutions of higher education, debt relief companies, or some other matter.

9% OF COMPLAINTS

the issue was unclear.

For Both Federal & Private Student Loans Servicing Complaints Remain Low

Despite false characterizations in the media, the Consumer Financial Protection Bureau (CFPB) found **complaints about federal and private student loans are a very small fraction of the complaints made by consumers each year – just 3%**. In addition, an analysis of CFPB data conducted by The American Enterprise Institute found that complaints about student loans are often mis-categorized – **fewer than half (44%) of student loan complaints pertained to the work of Student Loan Servicers, while 56% of complaints in this category reference concerns completely outside of the control of loan servicers**. Student Loan Servicers and lenders continuously work to support borrowers and improve the borrower experience, which is demonstrated by the very low rate of complaints about student loan servicing.