

<<Date>>

<<Borrower Name>>

<<Borrower Address>>

<<Borrower City, State, ZIP>>

NOTICE OF DEFAULT

Dear: <<Borrower Name>>

RE: Student Loan - Personal Identification Number <<PID>>

As a result of your failure to meet your federal student loan repayment obligation, Educational Credit Management Corporation (ECMC), as guarantor of your loan(s), was required to pay a **default claim** to your lender and take assignment of your loan(s) as shown in **Attachment B**. Your total payoff amount as of the date of this letter is \$<<Outstanding Balance>>.

Interest that accrued prior to payment of the default claim has been capitalized to form a new principal balance. Important information about interest accrual, collection costs and your rights is included in **Attachment A**.

Consequences of default

You may be subject to some or all of the following actions, but you should know that if you make satisfactory arrangements to repay this debt, the consequences may be minimized.

- Initiation of the administrative wage garnishment process, which could result in seizure of a portion of your paycheck
- Certification of your loan(s) to the U.S. Department of the Treasury to offset (seize) your state and federal income tax refunds and other payments made to you by the federal government
- Assignment of your debt to the U.S. Department of Education, which may result in the federal government filing a lawsuit against you
- Ineligibility for additional Title IV student financial aid (grants or loans)
- Reporting of the default to the national consumer reporting agencies, which may damage your credit
- Collection costs of up to 24.34% (subject to change) added to your loan, pursuant to federal regulations

We want to help you

According to the federal regulations governing this debt, **you must begin repayment immediately**. We are here to help you understand your repayment options and find one that works for your situation. Call us to discuss your options, or you can make a payment or set up a repayment arrangement online.

- **Online:** It's easy. Set up a repayment arrangement or make payments online at www.ecmc.org/myaccount

- **Phone:** 800-367-1589, Monday-Thursday, 7 a.m.-9 p.m., Friday, 7 a.m.-7 p.m., Central time
- **Mail:** If you mail a payment, include the last four digits of your Social Security number or personal identification number on the payment.

ECMC
Lock Box 8639
PO Box 16478
St. Paul, MN 55116-0478

Options to remove the loan from default

There are options to remove the loan from default—see below.

- **Payment in Full**—Although you may pay your defaulted student loan(s) in full at any time, if you pay the loan balance in full within sixty days of the date of this letter, the defaulted information will not be reported to the national consumer reporting agencies and collection costs will not be added to the balance of your loan.
- **Loan Rehabilitation**—ECMC will attempt to secure an eligible lender to purchase qualified loans after you have made nine full, voluntary, on-time payments (within 20 days before or after the scheduled payment date) over a 10-month period. Your new lender will capitalize any outstanding interest and collection costs (capped at 16%) to your principal balance. Within forty-five days of the sale of the qualified loan(s), ECMC will submit a request to the national consumer reporting agencies to remove ECMC's report of the default.
- **Loan Consolidation**—Most defaulted loans can be consolidated if you make three consecutive, voluntary on-time monthly payments *or* agree to repay the new Direct Consolidation Loan under either the Income-Contingent Repayment (ICR) plan or Income-Based Repayment (IBR) plan. Accrued interest and collection costs (capped at 18.5%) will be capitalized to your principal balance.

Contact us—we are here to help. You can reach a representative at 800-367-1589 or go to www.ecmc.org/myaccount to make a payment.

Educational Credit Management Corporation

ATTACHMENT A

Important information and your rights

Important information

- **Interest capitalization and accrual.** Any unpaid accrued interest prior to default has been capitalized to form a new principal balance. Interest will continue to accrue on the new principal balance at the rate specified in **Attachment B**, but may change annually if your loan(s) has a variable rate.
- **Collection costs.** Sixty days after the date of this letter, pursuant to 20 U.S.C. § 1091a(b) and 34 C.F.R. § 682.410(b)(2), you will be assessed collection costs on your defaulted loan(s). These collection costs are substantial and will be a percentage of your principal and interest balance based on either the percentage calculated annually under the formula in 34 C.F.R. § 30.60 or the amount you would be charged if your loan(s) was held by the U.S. Department of Education.

Your rights

- You can inspect and copy our records pertaining to your debt by sending a written request, which includes your Social Security number and a reasonably specific identification of the records you wish to have available for inspection and copying.
- You can request an administrative review regarding the legal enforceability or the past-due status of your loan obligation. You must make this request in writing and provide your Social Security number and an explanation of the reason(s) you believe your obligation is not legally enforceable or past due. You must also identify and provide any documents that support your claim(s). ECMC will send you a written explanation of the review results after it is completed.

You can request an administrative review if you can prove the following:

- Your loan is/was not past due with your lender.
- The balance owed is incorrect.
- That you did not incur this debt.

You cannot request an administrative review for any of the following reasons:

- You failed to repay your lender.
- You failed to complete your education and/or were dissatisfied with the school you attended.
- You were unable to obtain employment in the field for which the school prepared you.

To request loan records or an administrative review, or if you have questions regarding your defaulted loan(s), please write to:

Customer Service
PO Box 16408
St. Paul, MN 55116-0408

- You may have the right to judicial review of an adverse decision by the agency. You may also have the right to appeal from an adverse decision on administrative review.
- If, after you request an administrative review and receive a response from ECMC, the issue remains unresolved, you may contact:

Mail: U.S. Department of Education Student Loan Ombudsman's office
Room 3012, ROB #3
7th and D Street SW
Washington, D.C. 20202

Online: <http://ombudsman.ed.gov>

Phone: 877-557-2575

The ombudsman is available as a neutral party to work with you and all parties involved assisting in resolving disputes.

- As a borrower, you may have certain legal rights in the collection of debts. You may wish to contact an attorney regarding those rights.

ATTACHMENT B

Loan #	Outstanding Principal	Interest Rate	Outstanding Costs	Original Lender	School
01	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>
02	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>
03	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>
04	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>
05	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>
06	\$XXXX.XX	X.X	0	<<Original Lender Name	<<School Name>>

SAMPLE