Forward-Looking Statements

The following information is current as of October 7, 2015 (unless otherwise noted). This presentation contains forward-looking statements and information based on management's current expectations as of the date of this presentation. Statements that are not historical facts, including statements about the company’s beliefs, opinions or expectations and statements that assume or are dependent upon future events, are forward-looking statements. Forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in Item 1A “Risk Factors” and elsewhere in Navient Corporation’s ("Navient") Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission ("SEC") and subsequent filings with the SEC; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; changes in accounting standards and the impact of related changes in significant accounting estimates; any adverse outcomes in any significant litigation to which the company is a party; credit risk associated with the company's exposure to third parties, including counterparties to the company’s derivative transactions; risks inherent in the government contracting environment, including the possible loss of government contracts and potential civil and criminal penalties as a result of governmental investigations or audits; and changes in the terms of student loans and the educational credit marketplace (including changes resulting from new laws and the implementation of existing laws). The company could also be affected by, among other things: changes in its funding costs and availability; reductions to its credit ratings or the credit ratings of the United States of America; failures of its operating systems or infrastructure, or those of third-party vendors; risks related to cybersecurity including the potential disruption of its systems or potential disclosure of confidential customer information; damage to its reputation; failures to successfully implement cost-cutting initiatives and adverse effects of such initiatives on its business; failures or delays in the planned conversion to our servicing platform of the recently acquired Wells Fargo portfolio of Federal Family Education Loan Program (“FFELP”) loans or any other FFELP or Private Education Loan portfolio acquisitions; risks associated with restructuring initiatives; risks associated with the April 30, 2014 separation of Navient and SLM Corporation into two distinct, publicly traded companies, including failure to achieve the expected benefits of the separation; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; increased competition including from banks, other consumer lenders and other loan servicers; the creditworthiness of its customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of its earning assets vs. its funding arrangements; changes in general economic conditions; the company's ability to successfully effectuate any acquisitions and other strategic initiatives; and changes in the demand for debt management services.
Overview

As the largest issuer of student loan-backed securities, we take our leadership role seriously. We have created this data package to help investors and market participants better understand the performance of our FFELP loan assets and recent, improving performance trends in deferment, forbearance, defaults and prepayments, recent performance trends relating to income-driven repayment plans.

The data that follows will address:

- Vintage Pool Factor Performance
- Deferment and Forbearance
- Income-Driven Repayment
- Loan Forgiveness
- Consolidation and Prepayments
- Additional Considerations
Methodology

• Unless otherwise noted, the data presented reflect Navient-serviced FFELP loans that are owned by Navient or by a securitization trust. The data are presented as of June 30, 2015. The data do not include Navient-owned FFELP loans that are serviced by third parties, even where Navient acts as the master servicer with respect to such FFELP loan in connection with a securitization transaction.
  - These loans were originated prior to the end of the FFELP program on June 30, 2010, and most were originated prior to June 2008.
  - Since July 1, 2010, all federal student loans are made directly by the Department of Education and serviced by companies including Navient; loans serviced under the Department of Education contract are not included in this data.

• Vintage-based amortization analysis is limited to loans that were present in the portfolio for their full repayment lives, and excludes loans that were acquired by Navient after initially entering repayment.

• Each securitization trust is backed by a discrete pool of FFELP loans. The data set forth in this presentation may not necessarily be reflective of the performance of the FFELP loans owned by a particular securitization trust.

• The description of loan statuses and payment programs under the FFELP refer to the Common Manual. First published in December 1995, the Common Manual is a cooperative effort of the nation's guarantors that currently participate in the FFELP. The manual is a resource created and maintained by guarantors to simplify and streamline the federal rules and regulations for the FFELP program, and provides a single, standardized policy guidance for schools and lenders.
Vintage Pool Factor Performance
Vintage Pool Factor Performance

- The pool factor represents the aggregate remaining outstanding principal balance of the FFELP student loans in a repayment vintage as a percentage of the aggregate principal balance for such vintage at the beginning of repayment.
- While a percentage of loans remain in deferment and forbearance as vintages season, once the pool factor is low, the dollar volume of loans in deferment and forbearance is small.

Stafford Loan Vintage Entering Repayment in 2001

Consolidation Loan Vintage Entering Repayment in 2001

Note: Consolidation loan Months in Repayment begin after 180-day window during which FFELP permits additional loans to be added to the consolidation loan.

The 2001 cohort is selected for presentation because it had robust originations volume for both Stafford and Consolidation loans and shows many years of performance history.
Vintage Pool Factor Performance

- In the Stafford loan portfolio, older vintages that experienced higher prepayment and consolidation activity reached pool factors of less than 10% in the first 6-7 years of repayment. Among more recent Stafford loan vintages with lower consolidation activity, the change in pool factor decreased during the recession and has since increased.
- Among Consolidation loan vintages, the trends in pool factor have been more similar among the vintages.

Note: Consolidation loan Months in Repayment begin after 180-day window during which FFELP permits additional loans to be added to the consolidation loan.
Vintage Initial and Current Principal Distribution

- If all of the loans in each vintage had been pooled into a separate securitization trust, Stafford loan vintages prior to 2006 would be eligible for redemption under the 10% optional servicer clean-up call. Each of our actual securitization trusts contains loans from multiple underlying repayment vintages.

Note: Consolidation loan Initial Balance is set after the 180-day window during which FFELP permits additional loans to be added to the consolidation loan.
Deferment and Forbearance
Deferment

• Deferment is a tool available to borrowers to help them meet their loan repayment obligations. Once the repayment period has begun, the borrower is entitled to defer payments on a FFELP loan when applicable eligibility criteria are met.

• Deferments are entitlements. Generally, if a borrower demonstrates eligibility for a deferment and provides the servicer with the necessary documentation required to establish eligibility, the borrower may not be denied the deferment.

• Qualifying conditions include:
  - Enrolled in school at least half-time
  - Enrolled in an approved graduate fellowship program or rehabilitation program
  - Seeking, but unable to find, full-time employment
  - Economic hardship
  - Active or post-active duty military service

• Time limit for deferments depends on the deferment type
  - There is no time limit for school or military service deferments
  - Public service, unemployment and economic hardship deferments are limited to 3 years of cumulative usage

* Note, a complete description of FFELP deferment rules can be found in the Common Manual at http://commonmanual.org/doc/ECMarchive/ECM2015.pdf
Forbearance

- Forbearance is a tool servicers can use to assist borrowers in meeting their loan repayment obligations. By granting forbearance, a servicer permits a temporary cessation of payments, allows an extension of time for making payments, or temporarily accepts smaller payments than were previously scheduled.
- Servicers are encouraged to grant a forbearance to prevent the borrower from defaulting on the repayment obligation or to permit the borrower to resume honoring the loan obligation after default.
- Today, forbearance is most often given when deferment and Income-Driven Repayment (IDR) plans are not available to the borrower, hardship is considered to be temporary, or when IDR payments still pose a financial hardship.
- There are four types of forbearance available to borrowers:
  - Administrative forbearance – examples: bankruptcy filing, closed school or false certification, identity theft, or to cover periods of delinquency before or after an authorized deferment or forbearance.
  - Discretionary forbearance – given where the obligor intends to repay the loans, but cannot make payments in the short-term for economic hardship, health, or other acceptable reasons – given at the discretion of the servicer.
  - Mandatory administrative forbearance – examples: national emergency, military mobilization, designated disaster area – does not require borrower’s request.
  - Mandatory forbearance – examples: medical or dental internship/residency, active military state duty as a member of the National Guard, Dept. of Defense Student Loan Repayment Program – servicer must grant the forbearance upon borrower’s request.
- Time limit for forbearance depends on the forbearance type:
  - There is no time limit for discretionary and most mandatory forbearances.
  - Most types of administrative forbearances vary between 60 and 120 days in duration; some, like internship and residency forbearance, extend over the duration of the eligible condition.

Deferment Usage by Vintage: Stafford Loans

- Deferment usage increased during the Great Recession and has since declined
- School deferment usage was higher in 2005 and 2006 when borrowers were allowed to consolidate during school; during that time, their Stafford loans were placed in school deferment while the consolidation was being processed
Deferment Usage by Vintage: Consolidation Loans

- Consolidation loan deferment was higher in 2005 and 2006 when borrowers were allowed to consolidate during school and defer their loans while they completed school
- Deferment usage among Consolidation loan borrowers has since declined
Forbearance Usage by Vintage: Stafford Loans

- Forbearance provides short-term relief to borrowers who cannot make their payments due to temporary hardship, including some borrowers in the reduced payment phase of Income-Driven Repayment plans.
- Forbearance is higher in earlier repayment periods as borrowers transition from school to repayment or between repayment programs.
- While forbearance increased during the Great Recession, this additional forbearance usage was not as high as the levels experienced across all vintages in early stages of repayment.
- Servicers are permitted to grant short-term administrative forbearance (“FORM”) while borrowers apply and submit documentation to change repayment plans. Beginning in 2014, the use of this type of forbearance increased, to assist borrowers who need extra time to enroll in IDR or deferment.
Forbearance Usage by Vintage: Consolidation Loans

- Forbearance provides short-term relief to borrowers who cannot make their payments due to temporary hardship, including some borrowers in the reduced payment phase of Income-Driven Repayment plans.
- Forbearance is higher in earlier repayment periods.
- While forbearance increased during the Great Recession, just as in Stafford loans, this additional forbearance usage was not as high as the levels experienced across all vintages in early stages of repayment.
- Servicers are permitted to grant short-term administrative forbearance (“FORM”) while borrowers apply and submit documentation to change repayment plans. Beginning in 2014, the use of this type of forbearance increased, to assist borrowers who need extra time to enroll in IDR or deferment.
Forbearance Usage: Impact of Forbearance Used for Repayment Plan Changes

- Excluding the use of short-term forbearances that facilitate a borrower’s repayment plan change, forbearance has been declining.
- Forbearance among Consolidation loans appears to increase in the later months of repayment, because better performing vintages have not seasoned as far; considered individually, Consolidation loan forbearance is decreasing in each vintage.

Forbearance by Loan Seasoning
Impact of FORM

Forbearance by Date
Impact of FORM
Deferment: Cumulative Usage to Date Portfolio Loans Still Outstanding

- Among the Stafford loans, more seasoned loans generally have used more combined school and hardship deferment than less seasoned loans have used.
- Consolidation loan borrowers are less likely to have used deferment than Stafford loans, and usage is more stable across vintages.
- With the introduction of Income-Based Repayment in 2009, borrowers in newer vintages may have repayment options other than hardship deferment and forbearance.

*The pool factor represents the current outstanding principal balance for the repayment vintage as a proportion of its principal balance at the start of repayment.
The cumulative months of deferment shown on this page includes months spent in both school and hardship deferment, including the anticipated duration of the current deferment for loans in deferment as of June 2015.
Forbearance: Cumulative Usage to Date
Portfolio Loans Still Outstanding

- Among the Stafford loans, more seasoned loans have used the most hardship forbearance
- When compared to Stafford loan borrowers, Consolidation loan borrowers are less likely to have used forbearance, and usage is more stable across vintages
- With the introduction of Income-Based Repayment in 2009, borrowers in newer vintages may have repayment options other than hardship deferment and forbearance

*The pool factor represents the remaining outstanding balance for the repayment vintage as a proportion of its initial repayment balance.
The cumulative months of forbearance shown on this page includes prior months spent in hardship forbearance only, including the anticipated duration of the current forbearance for loans in forbearance as of June 2015.
Discretionary Forbearance

• Except as set forth below, Navient’s policy limits cumulative discretionary forbearance usage to 60 months
• While the average duration is approximately three months, FFELP rules allow forbearance to be given in variable increments up to 12 months
• In some cases, where a borrower began with forbearance near the 60 month policy limit, the last forbearance given may cause their total usage to exceed the limit by up to 12 months
• Only about 1.2% of the portfolio that remains outstanding reflects some forbearance usage in excess of 60 months
• Nearly 60% of forbearance given over 60 months extends only one month past the policy limit
• About 97% of forbearance given over 60 months extends no more than one year past the policy limit

Cumulative Forbearance Distribution
Loans Remaining in Portfolio (Not Paid Off)

≤ 60 Months, 98.8%
> 60 Months, 1.2%
Repeat Usage of Deferment and Forbearance

- Methodology:
  - Determine prior deferment and forbearance usage as of June 2010
  - Identify the same loan population in June 2015, and determine whether they used additional deferment or forbearance
- Borrowers who have not used deferment or forbearance in the past generally are less likely to do so in the future
- Borrowers with forbearance usage approaching the policy limit generally are also less likely to use additional forbearance

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<tr>
<th>Stafford Loan Deferment</th>
<th>Cumulative Months Used to Date</th>
<th>% Use Additional Within 5 Years</th>
<th>% Do not Use Within 5 Years</th>
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Example: 84% of Consolidation loans that never used deferment as of June 2010, had still not used deferment as of June 2015.
Risk Profile of Loans in Deferment and Forbearance

- Default risk is higher for older loans that have made fewer payments

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</table>

• The diagonal represents loans which have made payments for the same number of years since they entered repayment; they are the lowest risk
• The more time has elapsed with fewer payments made, the higher the risk

The repayment portfolio distribution is concentrated along the diagonal where loans have made the same number of payments as months since the start of repayment.

The deferment and forbearance portfolios have more loans that have never made payments.
Risk Distribution of Loans in Deferment and Forbearance

• Loans in deferment and forbearance are more likely to have made fewer payments since they entered repayment, resulting in increased risk expectations
• Weighted average implied annualized default performance by status:
  - Repayment – 2.2%
  - Deferment – 3.7%
  - Forbearance – 3.8%
Income-Driven Repayment
Income-Driven Repayment Programs

• There are two income-related programs available in the FFELP: Income-Sensitive Repayment and Income-Based Repayment

• Income-Sensitive Repayment
  - Available to borrowers since July 1, 1995
  - Borrowers are eligible if the servicer determines that the borrower’s documented income is insufficient to repay their loan over the maximum repayment period
  - Payment is based on a percentage of the borrower’s monthly income between 4% and 25%
    • The borrower designates a payment amount within this range
    • The payment must cover monthly interest due, except during periods of reduced payment forbearance
  - If the payment will not amortize the loan over the maximum repayment period, the servicer may grant up to 5 years of mandatory administrative forbearance, during which time reduced payments are made
  - The borrower must recertify their income annually to remain eligible for the program
  - No associated loan forgiveness
  - Represents about 5% of current IDR usage

• Income-Based Repayment
  - Available to borrowers since July 1, 2009
  - Payment is capped based on the borrower’s income
  - See page 25 for detailed program mechanics
  - Represents about 95% of current IDR usage
# Income-Based Repayment Program Structure

**Partial Financial Hardship (PFH)**
- **Eligibility:** If the calculated IBR Payment is lower than the loan’s regular payment, a Partial Financial Hardship exists. Borrower must recertify eligibility every 12 months. Parent PLUS loans are ineligible.
- **Payment Determination:** 15% x \[\text{AGI} - (1.5 \times \text{HHS Poverty Guideline for Family Size and State}) / 12\]
- **Term:** The remaining term is set as the end date for the current PFH status plus 120 months.
- **Subsidy:** Available for subsidized loans; if the PFH payment does not cover accrued interest, subsidy available for first 3 years of PFH enrollment (excluding time spent in economic hardship deferment).
- **Capitalization:** If applicable, at transition out of PFH to Permanent Standard or Expedited Standard.
- **Forgiveness Eligible**

**Permanent Standard**
- **Eligibility:** This is the default repayment plan once a borrower is no longer eligible for PFH.
- **Payment Determination:** 120 month payment based on balance that originally entered PFH.
- **Term:** The remaining term is set as the number of months it will take to amortize the loan based on the Permanent Standard payment amount.
- **Subsidy:** Same as non-IBR loans: available to subsidized loans in deferment.
- **Capitalization:** Same as non-IBR loans: occurs upon transition from non-payment status into repayment.
- **Forgiveness Eligible**

**Expedited Standard**
- **Eligibility:** A borrower may elect to exit the IBR program entirely, which is known as Expedited Standard.
- **Payment Determination:** Based on balance at the time of entry into Expedited Standard. May opt to enter other repayment programs available under the FFELP, after making at least one payment.
- **Term:** The loan’s original statutory term minus payments made to date, including PFH and Permanent Standard payments.
- **Subsidy:** Same as non-IBR loans: available to subsidized loans in deferment.
- **Capitalization:** Same as non-IBR loans: occurs upon transition from non-payment status into repayment.
- **Forgiveness Unlikely**
Income-Based Repayment Calculation Examples: IBR Program With 15% of Discretionary Income

Example 1 – Stafford Loans: Freshman Through Senior Year Unsubsidized Loans

At Origination
- Balance = $14,000
- Term = 120 months
- Rate = 6.8%

At Repayment
- Balance = $16,380
- Payment = $189

Enters PFH
- AGI = $20,000
- Family Size = 2
- Poverty Guideline = $15,390
- Payment = $0

After 3 Years PFH, salary increases and no longer qualifies
- Balance = $19,722
- Permanent Standard (PS) Payment = $189
  (Balance at PFH start amortized on a 120 month term)
- Term = 160
  (number of months required to pay off balance based on PS payment)

Example 2 – Unsubsidized Consolidation Loan

At Origination (Immediate Repayment)
- Balance = $50,000
- Term = 300
- Rate = 5.5%
- Payment = $307

Enters PFH
- AGI = $35,000
- Family Size = 2
- Poverty Guideline = $15,390
- Payment = $139

After 3 Years PFH, salary increases and no longer qualifies
- Balance = $53,528
- Permanent Standard (PS) Payment = $543
  (Balance at PFH start amortized on a 120 month term)
- Term = 132
  (number of months required to pay off balance based on PS payment)

Alternative: Expedited Standard Repayment
- Balance = $53,528
- Payment = $350
- Term = 264
  (300 month term minus 36 months in PFH+PS)
Characteristics of Loans Using Income-Driven Repayment

- Loans in IDR* generally have higher balances and are more likely to have used deferment and forbearance in the past.

* Note: All characteristics expressed at the loan level. Borrowers may have multiple loans.
Income-Driven Payment Amount Distribution: Stafford Loans

- Among Stafford loans by principal balance, 47% of IBR loans in Partial Financial Hardship (PFH) do not owe a payment, 45% owe some interest, and 7% owe full interest or full interest and some principal.
- While the number of loans owing some principal has fallen over time across vintages, older vintages remain more likely to owe some principal and are less likely to owe no payment at all.

As of June 30, 2015, 46% of the Stafford loans that do not owe a payment are subsidized loans.
Income-Driven Payment Amount Distribution: Consolidation Loans

- Among Consolidation loans by principal balance, 43% of IBR loans in Partial Financial Hardship (PFH) do not owe a payment, 47% owe some interest, and 10% owe full interest or full interest and some principal.
- The number of loans owing some principal has been relatively consistent over time.
- The 2003-2006 vintages are most likely to owe some principal.

As of June 30, 2015, 44% of the Consolidation loans that do not owe a payment are subsidized loans.
Income-Driven Repayment Usage by Vintage: Stafford Loans

- Usage of Income-Driven Repayment programs has increased since IBR was introduced in 2009
- Newer vintages show higher early usage of IDR as they transition from school to repayment
Income-Driven Repayment Usage by Vintage: Consolidation Loans

- Usage of Income-Driven Repayment programs has increased since IBR was introduced in 2009
Income-Driven Repayment Overlap With Deferment and Forbearance

- Loans in Income-Driven Repayment may be in repayment, deferment, or forbearance status
- On average, 13% of loans in Income-Driven Repayment are also in deferment or forbearance
Income-Driven Repayment Amortization

- IDR loans amortize over time
  - Stafford loan pool factors for loans after entering IDR are between 0.6 and 0.7, five years after entering the reduced payment period
  - Consolidation loan pool factors for loans after entering IDR are between 0.8 and 0.9, five years after entering the reduced payment period
- IDR loans amortize because, while they may not owe monthly payments, some borrowers make payments, primarily in the form of voluntary prepayments or through consolidation

Note: Each line on the chart represents a monthly vintage of loans entering an IDR plan.
Default Performance of Loans in Income-Driven Repayment

- Defaults during the reduced payment period are low due to the decreased payment and the fact that some loans have no payment due under Partial Financial Hardship
- Older loans that continue to use IDR more than 8-10 years into repayment are more likely to struggle to make payments if they no longer qualify for reduced payments
- Loans that are newer to repayment perform better than the rest of the vintage whether they are making reduced payments or have stepped up to higher payments

**Annualized Default Rate, IDR Statuses vs. Rest of Vintage**
- **2004 Repayment Vintage**
- **2010 Repayment Vintage**
IBR Loan Forgiveness
Loan Forgiveness Under the Income-Based Repayment Plan

- Qualifying payments include:
  - PFH payments, including $0 payments
  - Permanent standard payments
  - Any other payments made under a 10-year repayment term (or any payments not less than this amount)
  - Months of economic hardship deferment

- The qualification date for measuring whether 25 years has passed is:
  - The first payment (based on 120 month payment) or economic hardship date since July 1, 2009
  - For loans with no payments or deferments, the first IBR date

- The borrower does not have to request the forgiveness for it to be granted

- When a loan is forgiven, the servicer receives reimbursement of 100% of principal and interest
Loan Forgiveness Mechanics

- Where debt and income are similar or income exceeds debt, it is more likely that loans will amortize or default before they are forgiven.
- Where the debt level exceeds income, loan forgiveness is more likely to occur.

Note: Schedules are created consistent with the methodology used in the Repayment Estimator published by the Department of Education.
Loan Forgiveness Expectations

- Based on the distribution of loans by aggregate balance, we expect between 22% and 76% of loans that have used IBR to become eligible for loan forgiveness.
  - If borrowers’ incomes rise to their potential income based on their educational attainment, we would expect:
    - 22% of loans currently in PFH will become eligible for forgiveness
    - Represents less than 2% of the total Stafford loan portfolio
  - If borrowers’ incomes do not improve from current levels at all, we would expect:
    - 76% of loans currently in PFH will become eligible for loan forgiveness
    - Represents less than 7% of the total Stafford loan portfolio

Assumptions:
- 6.8% fixed interest rate
- Starts PFH immediately
- Family size = 2
- 3% annual income increase
- Repayment after 7/1/2009

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Prepayments
Consolidation Refinancing: Securitized Portfolio

- Securitization trust consolidation refinancing activity has increased within the last 18 months
- In 2012, the availability of the Special Direction Consolidation Loan program drove significant refinancing activity
- This data consists of Navient-serviced FFELP loans that are owned by securitization trusts

*CPR Attributable to Consolidation Refinancing, Non-Consolidation Loan Trusts by Trust Vintage*

*CPR Attributable to Reconsolidation, Consolidation Loan Trusts by Trust Vintage*

*Securitized Non-Consolidation population includes transactions with both Stafford and Consolidation loan volume.*
Prepayment Components: Securitized Non-Consolidation Loans

- The Constant Prepayment rate equals the annualized amount by which actual pool amortization exceeds expected pool amortization, as a percent of loans in repayment
- The Constant Default Rate is the portion of the Constant Prepayment Rate related to defaults
- Voluntary prepayments have increased, while defaults have declined
- This data consists of Navient-serviced FFELP loans that are owned by securitization trusts

* Excludes optional servicer purchased amounts.
** Securitized Non-Consolidation population includes transactions with both Stafford and Consolidation loan volume.
Prepayment Components: Securitized Consolidation Loans

- The Constant Prepayment rate equals the annualized amount by which actual pool amortization exceeds expected pool amortization, as a percent of loans in repayment
- The Constant Default Rate is the portion of the Constant Prepayment Rate related to defaults
- Voluntary prepayments have increased, while defaults have declined
- This data consists of Navient-serviced FFELP loans that are owned by securitization trusts
Additional Considerations
Structural Limits on Portfolio Extension: Stafford Loan Program

- Loan forgiveness, policy limits on hardship deferment and forbearance, and portfolio performance dynamics mean that every status has an end point

### Stafford Loan Final Payoff Dates Given Repayment Program Usage

<table>
<thead>
<tr>
<th>Hardship Deferment</th>
<th>Forb</th>
<th>IBR</th>
<th>Rpm Option</th>
<th>Longest Date (ex Forgiveness)</th>
<th>Forgiveness Date</th>
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<td>11/1/2048</td>
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- Additional considerations:
  - The usage of school deferment is not limited under the FFELP, but is low and declining
    - About 5.4% of securitized FFELP loans are currently using school deferment
    - Usage of school deferment has declined by 10% over the past year and is down to about half the peak levels experienced at the end of 2006
  - The dates denoted with ** depend on the duration of the PFH period and the number of terms required to amortize the loans based on the standard payment, but in no case will be longer than the forgiveness period
  - Loans that entered repayment after 2009 may have additional time before the forgiveness dates in 2034 (without forbearance) or 2039 (with forbearance); 99% of Stafford loans will have entered repayment by the end of 2015
Structural Limits on Portfolio Extension: Consolidation Loan Portfolio

- Loan forgiveness, policy limits on hardship deferment and forbearance, and portfolio performance dynamics mean that every status has an end point

**Consolidation Loan Final Payoff Dates Given Repayment Program Usage**

<table>
<thead>
<tr>
<th>Hardship Deferment</th>
<th>Forb</th>
<th>IBR</th>
<th>Rpmt Option</th>
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<td>36 Months</td>
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</table>

- Additional considerations:
  - The usage of school deferment is not limited under the FFELP, but is low and declining
  - The dates denoted with ** depend on the duration of the PFH period and the number of terms required to amortize the loans based on the standard payment, but in no case will be longer than the forgiveness period
  - The dates denoted with ++ depend on the enrollment date into PFH (or economic hardship deferment) for Consolidation loans with original terms longer than 120 months
    - For loans with longer terms, only payments after the enrollment/deferment date will count towards forgiveness
    - We believe that the step up to Permanent Standard may cause many Consolidation borrowers to opt for Expedited Standard repayment, or, if their remaining terms under Expedited Standard are low, they may be at risk for default
    - Further, income and amortization trends mitigate against significant IBR usage among deeply seasoned loans
      - If loans are amortizing, it is likely that their balances are affordable under their income as borrowers age and the loans season
      - If the loans are not amortizing through deferment or forbearance, they are likely to use IBR in the near term; if they have not used it by later in the loans’ repayment life, borrowers are most likely ineligible or unlikely to enroll