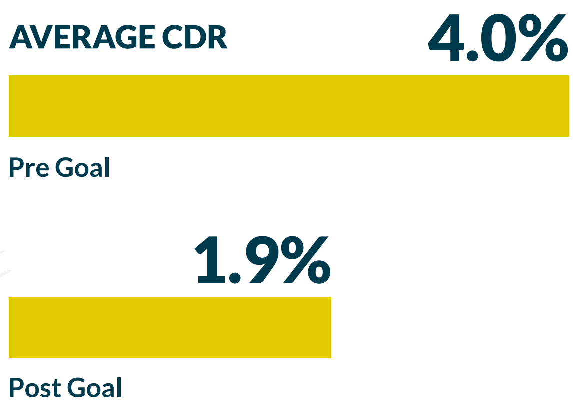
Default Rates Reduced By ~50%

Situation

A NY-based hedge fund interested in nontraditional investment vehicles acquired a portfolio of student loans on the secondary market.

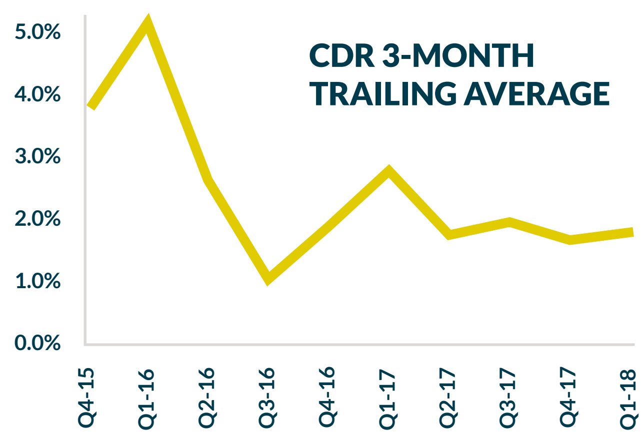


Challenge

Cumulative default rates (CDRs) were running materially higher than they should have been, given credit quality and seasoning of the underlying collateral. The client needed to improve portfolio yield and generate returns, but lacked the expertise in student loans required to make that happen.

Solution

Goal took over the portfolio in mid-2015 when CDRs were running 4–5%. Over the subsequent 10 months, a Goal-selected servicer took over servicing, default-aversion was outsourced to a proven expert, and charge-off timing was extended, driven by analytics around cure rates and cost-to-service.



Result

CDRs improved ~50%, consistently staying in the 1.75–2.00% range. Defaults were lowered significantly by an estimated $7–8MM over the life of the portfolio.

For more information or to schedule a consultation, email us at NewBusiness@goalsolutions.com