

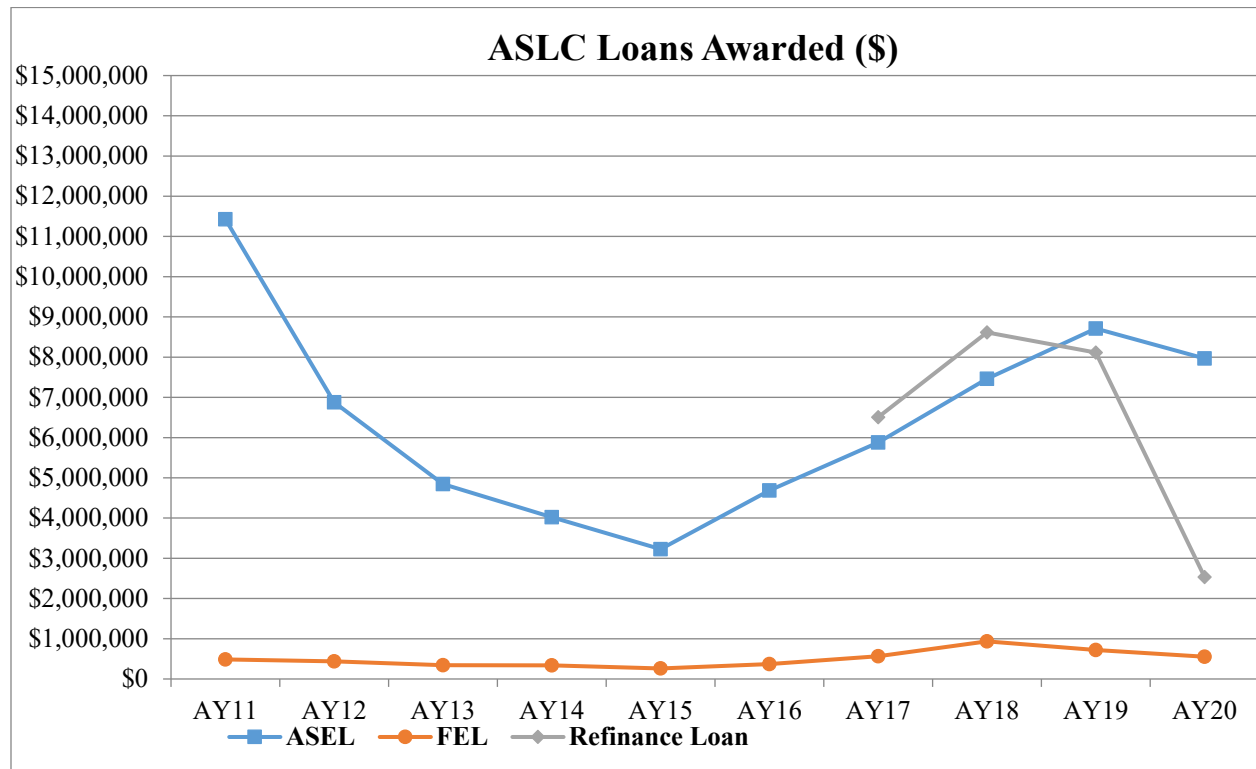
ACPE Loan Volume Overview

History

Prior to 2010, ACPE originated and serviced Federal Family Education Loan Program (FFELP) and state alternative loans. During the years when ACPE was a FFELP lender, combined FFELP and state loan originations were approximately \$100 million per year. At approximately the time of the FFEL program cessation in 2010, new federal requirements and restrictions were placed on higher education institutions that had a negative impact on state loan volume. Institutions were prohibited from packaging state loans in student financial aid offers and from recommending an alternative loan lender unless the institution were to develop preferred lender agreements and lists and be subject to federal audit. In addition, the mortgage market collapse required that student lenders take action to increase the quality of assets subject to financing, which resulted in the Commission having to implement a minimum credit score as part of its underwriting requirements. These major changes in financial aid and alternative loans resulted in significant multi-year declines in state loan originations post-2010.

Recent Originations Data

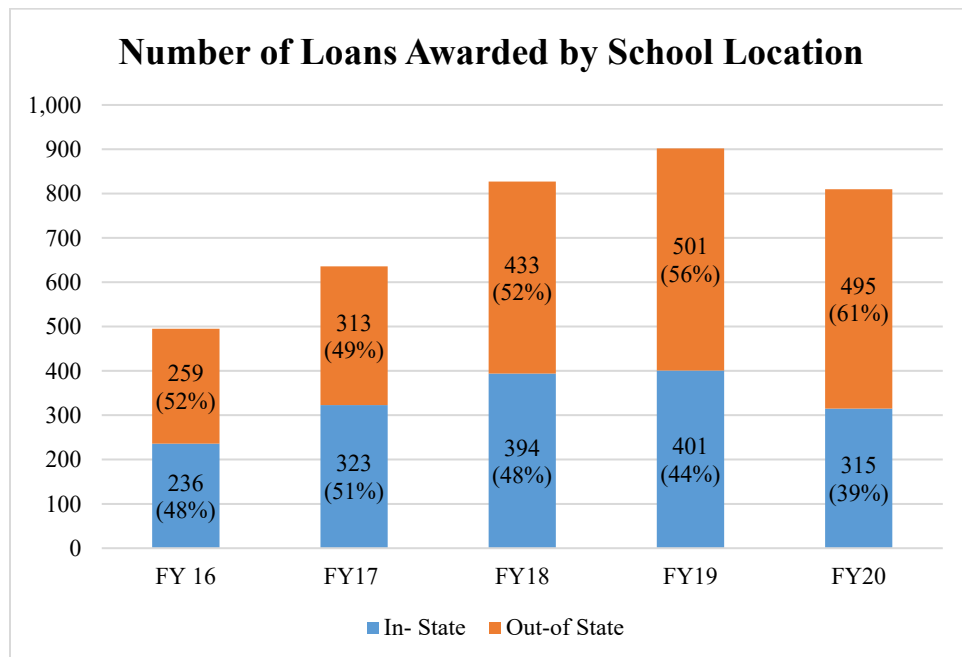
The chart below presents originations of state loans post-FFELP cessation to present. The Education Refinance Loan Program was created in 2017 to meet customer demand and address the significant decline in loan volume.



The vast majority of the 2020 decline in ASEL and FEL loans is due to a reduction in in-state loans. In 2020, in-state loans saw a 5% reduction as a percent of total in-school loan volume,

previously at 44% of the total in 2019 and down to 39% of the total in 2020. See the chart “Number of Loans Awarded by School Location” below for the historical breakdown of in-state and out-of-state loans.

Refinance loan volume has decreased over the last two years, with a significant decline in 2020. Refinance loans have more stringent underwriting criteria than in-school loans, are only available to Alaska residents, and there is a limited market size in Alaska. These factors are believed to have had the biggest impact on refinance volume the last two years.



Current Year Volume Changes

COVID-19 has impacted higher education and students in many ways, including declines in enrollment and a decreased need for financial aid. Since the beginning of the 2021 fiscal year, ACPE has experienced a 30% decline in originations representing a decline of \$1.8M supporting 158 fewer students.