

FACT Act Furnisher Rules

Policies and Procedures

Background

The FACT Act “Furnisher Rules” were issued last year by the Federal Trade Commission (FTC) and the federal banking agencies. They impose new responsibilities for lenders, servicers, collectors and other financial institutions that report information to credit reporting agencies (credit bureaus). The new rules are effective July 1, 2010 and consist of:

1. The **Accuracy and Integrity Rule** which requires companies that provide information to credit bureaus to establish reasonable written policies and procedures regarding the “accuracy and integrity” of information furnished to the credit bureaus.
2. The **Direct Dispute Rule** which allows consumers to take their disputes directly to the furnishers of credit report information rather than acting solely through a credit bureau, as had previously been the case.

Reporting to Credit Bureaus

Campus Partners’ customers have the option to contract with us to report loans to credit bureaus on their behalf. Most of our customers have elected to have Campus Partners perform this reporting, which is required on federal student loans. Campus Partners thus is a “furnisher” under the rule. Additionally, Campus Partners has always taken responsibility for processing disputes for customers that contract for our credit bureau service.

Campus Partners’ Policies and Procedures

The following are Campus Partners’ policies and procedures developed to ensure that information furnished to credit bureaus meets the requirements of the Furnisher Rules. In preparing these policies and procedures, Campus Partners considered the Interagency Guidelines Concerning the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies (the “Guidelines”), which were published along with the Furnisher Rules.

Metro 2 Reporting is a Key Component of Campus Partners’ Policies and Procedures

Campus Partners provides data to the credit bureaus in Metro 2 format. The Metro 2 reporting format was developed by the Consumer Data Industry Association (CDIA) specifically to enable the reporting of accurate, complete and timely credit information. The data elements include, but are not limited to: consumer’s name, address, SSN, date of birth, account number, account type, account status, date opened, original loan amount, current balance, scheduled monthly payment, date of last payment, amount past due, and

the payment history profile. The Metro 2 reporting format is commonly used by student loan lenders and their service providers and is accepted by all consumer reporting agencies. By using the Metro 2 format, we are ensured that reporting meets the requirements of the Fair Credit Reporting Act.

Accuracy and Integrity

The Furnisher Rules define “accuracy” to mean that the information provided to a credit bureau (i) reflects the terms of and liability for the account, (ii) reflects the consumer’s performance with respect to the account, and (iii) identifies the appropriate consumer. The Guidelines require that a furnisher’s written policies and procedures be reasonably designed to ensure that the information it furnishes about accounts is furnished with integrity. The rules define integrity to mean that the information provided (i) is substantiated by the furnisher’s records at the time it is furnished, (ii) is furnished in a form and manner that is designed to minimize the likelihood that the information may be incorrectly reported, and (iii) includes information in the furnisher’s possession that the Office of the Comptroller of the Currency (OCC) has determined is necessary to prevent the report from being misleading (including specifically credit limits).

Our specific policies and procedure are as follows:

- Our reporting follows the Metro 2 reporting format, which is a standardized industry accepted format designed to ensure that information reported to credit bureaus is accurate, complete and not misleading.
- A file is generated automatically each month from our servicing system (System III) and is submitted electronically to the credit bureaus via file transfer protocol (FTP). Since the information comes directly from System III at the time it is reported, the information is substantiated by our records at the time it is reported. The time period to which the information pertains is provided. We report monthly to all four national consumer reporting agencies on all loans for which the lender requests us to perform the reporting. Thus, any change in the account status occurring after a report is made is reflected in the next monthly report.
- If a delinquent or defaulted borrower brings his or her loan(s) current, the loan(s) is listed in subsequent reporting as being current (though the record of prior delinquency is maintained). If a borrower rehabilitates his or her loan in accordance with rules applicable to federal student loans, the prior derogatory information is removed. If we subsequently correct any information in a borrower’s loan history (e.g., we determine a payment was misapplied or we retroactively grant the borrower a deferment), the change is reflected in the next report to the credit bureaus.
- Each monthly file contains identifying information about the consumer to which it pertains. If any borrower claims that he or she is not in fact the debtor on the loan involved, including claims of identity theft, we verify all information on our system. If the information the borrower provides matches the information on our system, we will continue reporting. We may need to refer the borrower to his or

her lender for a copy of the signed promissory note and/or to resolve the issues involved.

- All the loans we service are closed-end student loans. Thus, the borrower has no “credit limit”.
- For new customers added to our servicing system from a previous servicer, we report an Account Number/Identification Number Change with the first reporting after conversion to System III. This indicates that Campus Partners is now servicing the loan. For loans involved in sales or transfers on our servicing system, Campus Partners submits a code to the credit bureau to remove the original record and begin reporting the loan under the name of the new owner.
- We will investigate any complaint about information provided to credit bureaus, whether the complaint is passed on to us by the credit bureaus or is received directly from the consumer. If our investigation concludes that erroneous information was provided, Campus Partners will update our systems accordingly and submit a correction either electronically (via the E-OSCAR web site) or by reporting the correction information at the next month end submittal file to the credit bureaus. System III maintains the loan history, including a record of information provided to credit bureaus, for the life of the loan. This information is available in case we need to investigate any complaint.
- We have no record of having received complaints from the credit bureaus.

Maintenance and Enforcement of Policies and Procedures

- The Compliance Specialist is assigned responsibility for ensuring compliance with these procedures.
- Our policies and procedures will be reviewed annually to ensure that they are effective. This review will take into consideration prior experience and feedback from consumers, credit bureaus, staff and others. The review will be conducted by the Compliance Specialist, and will be subject to oversight by the Vice President, Sales and Marketing. The Compliance Specialist will also consult with the Director of Operations Support to determine whether there are any new technologies available which could improve the procedures.
- The accuracy of credit bureau reporting is reviewed annually as part of the annual SAS 70 independent audit.
- An overview of the credit reporting process, including the importance of reporting accurate information that has integrity, is included as part of the introductory training of every new employee. Refresher training is provided periodically. Each employee involved in the credit bureau reporting process receives more intensive training in the company’s policies and procedures.

Direct Consumer Disputes

Campus Partners procedures for responding to disputes submitted directly by consumers concerning the accuracy of any information concerned in a consumer report pertaining to an account serviced by Campus Partners (a “direct dispute”) are as follows:

- As a general matter, Campus Partners will investigate any direct dispute relating to identity theft or fraud, the terms of the account serviced by Campus Partners (e.g., the principal balance of the account and the monthly payment amount), and the consumer's performance on the account. A notice of direct dispute must include sufficient information to identify the account serviced by Campus Partners, specific information about the nature of the dispute, and appropriate supporting information.
- However, Campus Partners will not investigate disputes that are determined to be frivolous or irrelevant (as such terms are defined in the Direct Dispute Rule), relate to information provided to the credit bureau by another party, and inquiries relating to requests for a consumer report or to identify information on the consumer (unless the inquiry relates to identity theft or fraud).
- Campus Partners provides contact information that can be used to file a dispute both in the information it supplies to credit bureaus and on its website.
- Upon receipt of a notice of a direct dispute, Campus Partners will conduct a reasonable investigation of the dispute (including reviewing all relevant information provided by the consumer), complete the investigation, and report the results to the consumer within 30 days of receipt of the dispute. If the investigation reveals that information reported to the credit bureau was inaccurate, we will provide corrected information to the credit bureau promptly. If the information that previously reported to the consumer reporting agency is determined to be correct, we will provide the consumer with a letter explaining that no changes were made but to contact us immediately if they can provide additional information.
- If Campus Partners determines that the dispute is frivolous or irrelevant, it shall notify the consumer of this determination within 5 business days of making the determination.
- The investigation of any dispute about information provided to a credit bureau, whether the dispute is passed on by a consumer reporting agency or is received directly from the consumer, is conducted by specially trained staff. The procedures we have in place are followed regardless of whether the dispute comes through the credit reporting agency or directly from the consumer. The medium used to respond to the dispute will be the only difference. If the dispute is received electronically by the consumer reporting agency, we will respond using the E-OSCAR software (the On-line Solution for Complete, Accurate Reporting) with update messaging capabilities to ensure timely processing on the disputed account at all three bureaus. Consumer disputes received directly from the consumer on paper are responded to in the same manner.