



UPDATE

Campus Partners
Winston-Salem, NC

September 1, 2009

INSIDE THIS ISSUE:

- | | |
|-------------------------------|-------------------|
| ◆ Legislative Update | ◆ Audit Reminder |
| ◆ COHEAO Meeting Report | ◆ Customer News |
| ◆ New TILA Requirements | ◆ Training Update |
| ◆ Education Department Update | ◆ Conferences |
| ◆ Product News | ◆ Cutoff Dates |

Inside Campus Partners
Stephanie Clenney
Manager, Loan Operations

Holiday Schedule

Labor Day
Monday, September 7

Our online systems will be available during normally scheduled hours.

Federal Perkins Program Proposed Expansion

In last month’s edition of the *Campus Partners Update*, we announced that the House Education and Labor Committee passed the “Student Aid and Fiscal Responsibility Act” (SAFRA) on July 21. The Act, as proposed, provides for the expansion of the availability of funds for the Perkins program. The expansion would be achieved by eliminating the current Federal Perkins program and replacing it with the Federal Direct Perkins Loan Program on July 1, 2010.

Campus Partners is supportive of additional funding for the Perkins program. Along with COHEAO, we believe schools should be fully aware of proposed changes to the program and its impact on schools and borrowers. Below is a summary of some of the proposed changes:

- The interest rate will remain at a 5% fixed rate. However, interest will now be charged during the in-school periods and during the grace periods. Your borrowers will lose the deferred interest benefit currently available. This could result in the borrower owing several thousand dollars in accrued interest when they leave school depending on amount they borrow.

**LEGISLATIVE
UPDATE**

LEGISLATIVE UPDATE (Continued)

- The grace period will be reduced from nine to six months.
- Borrowers will lose the cancellation benefits that are available today under the current program (e.g., law enforcement, medical technicians, nurses, etc.).
- Prorated loan forgiveness programs that exist today will be replaced with policies governing the Federal Direct Unsubsidized Loan Program. For example: If a borrower only completes two years of law enforcement service and decides not to continue in this line of employment, the borrower is still eligible for the first and second year of benefits. However, prorating benefits will not be possible under the new Federal Direct Perkins program. The borrower must perform service for five years to receive loan forgiveness.
- Under the new Federal Direct Perkins program, borrowers will be required to maximize their borrowing under the Federal Stafford Subsidized Loan program at a current rate of 5.6% or the Federal Stafford Unsubsidized loan program at a rate of 6.8% before being offered funds under the Federal Direct Perkins program at a 5% interest rate. The rate for Subsidized Stafford loans drops over the next two years, but climbs to 6.8% for the 2012-2013 school year. The interest rate for Subsidized and Unsubsidized Stafford loans for graduate students is 6.8%.

COHEAO has an abundance of information on their web site that will assist you in communicating with your representatives in Congress, including talking points, locations of town hall meetings, letter templates, and more. Visit the COHEAO web site at www.coheao.org.

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COHEAO Mid-Year Conference

The primary topic of discussion was the proposed changes to the Federal Perkins program. Many school officials, servicers, and collection agencies were in attendance and all voiced their concerns regarding the proposed changes to the Federal Perkins program.

The Department of Education update was presented by Gail McLarnon from the Office of Postsecondary Education. McLarnon provided attendees with the FY 2010 Budget Proposal, a legislative update, regulatory update, and addressed Perkins loan issues. She reiterated the information that Campus Partners previously provided customers regarding the Federal Perkins Master Promissory Note (MPN). McLarnon stated that although the current MPN has an expiration date of June 30, 2009, this date does not limit the use of the current MPN nor does it impact its enforceability. In addition, she said the new MPN should be available by mid-August. As the *Update* goes to publication this month, the new MPN has not been posted on the IFAP web site. Campus Partners will send customers an email as soon as information on the new MPN is published.

Another presentation by Jackie Ito-Woo, Associate Director at the University of California, Office of the President, centered on Negotiated Rulemaking. Ito-Woo represented COHEAO during Negotiated Rulemaking process and provided the group with an update on her efforts. In addition, Campus Partners took part in a panel discussion on Maintaining a Low Cohort Default Rate and provided attendees information from a regulatory perspective. Other session topics provided information about the new Title X regulations published by the Federal Reserve (Reg Z), Ensuring College Affordability in an Economic Downturn, Legal Issues, and much more.

After the conference, Campus Partners joined a group of COHEAO members and visited Capitol Hill. Our goal was to communicate our concerns about the impact the proposed Student Aid and Fiscal Responsibility Act (SAFRA) could have on students. We visited several members of Congress including Senator Byron Dorgan (D-ND), Senator Tim Johnson (D-SD), Senator Richard Burr (R-NC), Senator Richard Durbin (D-IL), Senator Kay Hagan (D-NC), and others.

COHEAO has worked hard to maintain a low membership cost for schools that are interested in becoming a member. For more information or to join, visit www.coheao.org.

NEW TILA REQUIREMENTS

New TILA Requirements to Impact Institutional Loans

On August 14, 2009, the Federal Reserve Board published final rules in the Federal Register related to the Truth in Lending Act (TILA) as it affects a variety of lending practices, including institutional loans offered by schools and universities.

Proposed rules were issued on March 24 that updated TILA requirements in accordance with changes authorized by the Higher Education Opportunity Act (HEOA). Title X of HEOA added disclosure and timing requirements that applied to creditors providing private loans, including colleges and universities offering low interest institutional loans to their students. Despite input from the higher education community which unsuccessfully argued that institutional loans should be exempt from TILA requirements, the new rules have been approved and will go into effect September 14, 2009. **Compliance is optional until February 14, 2010.**

The new requirements will entail sending Truth-in-Lending disclosures that meet certain formatting and timing requirements to your Institutional borrowers. Schools will be required to provide these disclosures with loan applications, at the time of loan approval, and at disbursement.

While the new requirements are complex and can be viewed as burdensome to educational institutions, Campus Partners can help. Because of our extensive experience in the origination, disbursement, and servicing of private loans, we will be able to support our partners in providing TILA notifications to borrowers in the format and on the schedule required by federal law.

The following link provides the complete text of 12 CFP, Part 226, Truth-in-Lending: Final Rule.

<http://edocket.access.gpo.gov/2009/pdf/E9-18548.pdf>

In addition to governing institutional loans, the final rules address other subjects including preferred lender lists and self-certification requirements for educational loans.

We will provide additional details in future issues of the *Update* newsletter and through other communications. We plan to offer a Web conference on the subject around the first of the year.

The *Campus Partners Update*, a newsletter for our customers, is published monthly by Campus Partners in Winston-Salem, NC. Editor: Carolyn Williams. Legislative and Regulatory Editor: Sharon Cameron. NOTE: This publication contains material related to the interpretation of federal rules and regulations of the Title IV Program of the Higher Education Act. While Campus Partners believes the information contained herein is accurate and factual, this publication has not been reviewed or approved by the US Department of Education. Please consult the Department of Education or your legal counsel with questions or concerns. Please send any correspondence to the Marketing Department, Campus Partners, PO Box 3176, Winston-Salem, NC 27102-3176 or directly to Carolyn Williams, Editor, at cwilliams@campuspartners.com.

EDUCATION DEPARTMENT UPDATE

Notice of Proposed Rulemaking – Part 2

The Department of Education published a Notice of Proposed Rulemaking in the Federal Register dated July 28, 2009. These proposed changes address preferred lender lists, codes of conduct, and self-certification for non-federal loans. Additional information is also provided about the proposed requirements for Perkins borrowers during exit counseling and cancellation benefits. Final regulations will be published by November 1, 2009. To review the NPRM, go to <http://ifap.ed.gov/fregisters/FR07282009.html>.

Red Flag Rule Enforcement Extended by Another Three Months

The Federal Trade Commission announced it will delay enforcement of the new “Red Flags Rule” another three months — until November 1, 2009 — to give creditors and financial institutions more time to develop, document, and implement written identity theft prevention programs.

System Enhancements

The Product Services team continues to be very busy as they implement system changes required by regulations while managing system enhancements that facilitate the customer and borrower experience. To catch up with recent enhancements, please review the following attachment.

PRODUCT NEWS

Attachment: *Recent System Enhancements*

Regulatory Wisdom from Sharon Cameron

Question: If a borrower does not complete electronic exit counseling or left school before completing exit counseling, do I have to mail the borrower a paper copy of the exit counseling materials?

Answer: Yes. The FSA Handbook clarifies that “If the borrower withdraws from school without the school’s prior knowledge or fails to complete an exit counseling session, the school must provide exit counseling through either interactive electronic means or by mailing counseling material to the borrower at the borrower’s last known address within 30 days after learning that the borrower has withdrawn from school or failed to complete exit counseling. Finally, schools must document all exit interviews.”



AUDIT REMINDER

Audit Reminder

Our third-party audit for the fiscal year ending June 30, 2009 will be available by September 15. Please email Debra Pitts at dpitts@campuspartners.com if you need preliminary results prior to our targeted distribution date. We will send an email to all customers when the report is published and will begin fulfilling requests for CDs and paper copies immediately. An *Audit Report Request Form* is available on our Web site.

Attachment: *Audit Request Form*

CUSTOMER NEWS

Customer Appreciation

We are celebrating anniversaries of 40, 35, and 25 years with the following customers. We are appreciative of our customers' continued loyalty over the years, and we are proud to say that over 80% of our customers have been with us for over 20 years. Thanks for letting us serve you!

40 Years

*Lees College, Inc.
Lincoln Memorial University*

35 Years

*Central Piedmont Community College
Parkland College
Siena College
University of the Ozarks*

25 Years

*Grambling State University
University of Dayton*

Please see the following attachment for more customers observing other milestone anniversaries with us this quarter.

Attachment: *Long Term Anniversaries*

Web Conferences

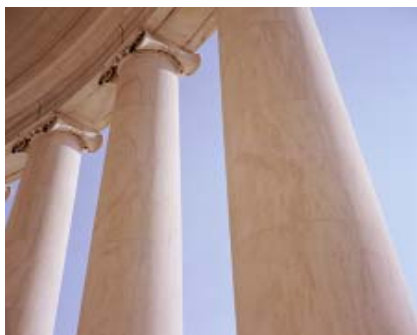
Campus Partners has concluded its *Student Loan 101 and 202* workshop series for the year, but Web Conferences are scheduled on a monthly basis for the remainder of 2009 to meet your training needs. Please join us for our next Web conference--“*Where do I Start? A Month to Month Guide*”--scheduled for Thursday, September 10 at 2:00 pm Eastern.

Managing the Exit Interview Process-*New topic!*

As the end of a semester approaches, schools are faced with the onset of the exit interview process. It’s never too early to start planning! Preparing for the exit interview process is critical as you must ensure all loan information and the separation date(s) are accurately reflected on the system. We will be discussing the importance of the school’s involvement in preparing for the exit interview process and offering helpful suggestions. Join us for a webinar on “*Managing the Exit Interview Process*” scheduled for **October 8th at 2:00pm EST**. To register or find out more information, please contact Debra Pitts at dpitts@campuspartners.com.

Web Conference Schedule	
<i>Where do I Start? A Month to Month Guide</i>	Thursday, September 10 2:00 to 3:30 PM Eastern
<i>Managing the Exit Interview Process</i> <i>New!</i>	Thursday, October 8 2:00 to 3:30 PM Eastern
<i>Regulations Update</i>	Thursday, November 12 2:00 to 3:30 PM Eastern
<i>Tips for Managing Delinquencies</i>	Thursday, December 10 2:00 to 3:30 PM Eastern

Customer Insight



“I love the new exit packets. I got the first ones today. Very user friendly; easier to copy, fits better in envelopes... Just a few reasons, but I do like them!

The mailing labels are also much easier to deal with! And, they are much easier to sign off on.”

Connie Cox
Antioch University

CONFERENCES Conference Schedule-See You There!

Campus Partners staff will attend the conferences listed below. More conferences may be added in future issues of the *Update*.

Williams & Fudge will hold its **Student Loans and Receivables Collection Conference** on September 20-23 at the Hilton Myrtle Beach Resort. For more information, go to <http://www.wfcorp.com/news/upcoming.html>.

The Texas Bursars for Universities and Colleges will host **BUC\$ on the Beach** at the Omni Bay Front Hotel on October 11-14 at Corpus Christi, TX. More details are available at <http://texasbucs.com>.

The **Minnesota Collection Network** will present its **Mega Conference XVII** on October 19-21 at the Sheraton Bloomington in Bloomington, MN. More information is available at <http://www.mnnetwork.org>.

CUTOFF DATES Cutoff Dates

Cutoff dates for August, September, October, and November are presented below.

Transaction	Aug.	Sept.	Oct.	Nov.
Last day to receive collection payments	8/25	9/25	10/27	11/20
Last day to receive regular payments	8/26	9/28	10/28	11/23
Last day for online payments	8/28	10/2	10/30	11/25
Date final post begins	8/28	10/2	10/30	11/27
Report date used for final post	8/31	9/30	10/31	11/30
Last day deposits created for deposit to bank account	8/28	9/30	10/30	11/25

System III Enhancements

- **Loan Rehabilitation for Institutional Loans**

Loan rehabilitations can now be processed on institutional loans. The procedure exactly mirrors the Perkins loan rehabilitation process. Rehabilitation flags can be set on Institutional loans and the consecutive payment counter will automatically increase as payments are made. If borrowers successfully rehabilitate their loans, they will receive a QuikLetter confirming the rehabilitation and notifying them that we have reported their loan as rehabilitated to credit bureaus.

- **Email Address Fields**

An adjustment was made to prevent system users from entering more than one email address in the email address field on System III.

iPROMise Enhancements

- **SSN Verification Logic**

An edit has been added to *iPROMise* External File Import and Customer Access Online Entry through System 3i, which triggers the rejection of a file if a SSN field does not match social security number verification logic. The first three digits in the SSN must be between 001 and 889 or the file will be rejected.



AUDIT REPORT REQUEST FORM



Yes, I would like to receive the FY 2009 Audit Report.

(We will automatically ship you a CD unless otherwise specified.)

Please send _____ copy(ies) in CD-ROM format @ \$75.00 each
_____ copy(ies) in paper format @ \$100.00 each

Mail to: _____

Contact name: _____

Address: _____

City/State/Zip: _____

Telephone: _____

School name: _____

Authorized Signature: _____ Date: _____

Please return to:

Campus Partners
Attn: Debra Pitts, Administrative Assistant
P.O. Box 3176
Winston-Salem, NC 27102-3176
or fax to: 336-607-2025

A decorative border with a repeating pattern of stylized flowers and leaves in a light purple color, framing the central text.

***Third Quarter
Customer Anniversaries for 2009***

Forty Years

*Lees College, Inc.
Lincoln Memorial University*

Thirty-five Years

*Central Piedmont Community College
Parkland College
Siena College
University of the Ozarks*

Twenty-five Years

*Grambling State University
University of Dayton*

Twenty Years

*Art Institute of Atlanta
Art Institute of Colorado
Art Institute of Ft. Lauderdale
Art Institute of Houston
Art Institute of Philadelphia
Art Institute of Pittsburgh
Art Institute of Seattle
Bowie State University
Cincinnati State Technical and Community College
Morgan State University
Towson State University
University of Texas-San Antonio*

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***Third Quarter
Customer Anniversaries for 2009***

Fifteen Years

*St. Mary's College of Maryland
University of Maryland-Eastern Shore*

Ten Years

University of Nebraska-Lincoln

Five Years

South Carolina State University

Stephanie Clenney

Manager, Loan Operations

Peaking at the right time is always a winning strategy, and the expansion of Stephanie Clenney's role in campus based servicing has come at the right time for our customers. Stephanie was hired three years ago as Credit Manager for private loans, but her role has continued to grow due to her exceptional work. She subsequently has been named Manager, Loan Operations. In this position, Stephanie supervises a team responsible for aspects of both private and campus based servicing, including forms processing, inbound borrower calls, outbound collection calls, and resolving credit disputes. She also shares responsibilities for private loan origination, disbursement, and servicing with the entire Loan Operations Management team.

Stephanie's knowledge of Regulation Z is a big plus for customers now that the Federal Reserve Board has published final rules applicable to institutional loans. (In a related article in this month's *Update*, we have provided information about new Truth-in-Lending Act (TILA) rules for institutional loans.) Stephanie has been responsible for compliance with Regulation Z for many years, first with Sallie Mae and now at Campus Partners. She is one of our company's experts, and continues to be at the forefront in the process of providing fully compliant Truth-in-Lending disclosures to private loan borrowers. Her knowledge of Regulation Z will benefit campus-based customers who may have concerns about complying with TILA regulations by February 14, 2010. Stephanie, who is a consummate team player, is quick to point out that many other staff members including senior managers, IT personnel, and Sharon Cameron, Audit and Compliance Specialist, will be involved in providing the TILA solution for customers.

Stephanie is also involved in fraud detection during the loan process, which is one of our company's most fascinating services. All approved private loan applicants are screened using fraud prevention tools available from Experian and/or LexisNexis, to ensure prospective applicants are who they represent themselves to be. If there are doubts concerning the applicant's identity, further screening questions are employed to help establish the prospective borrower's authenticity. These questions include inquiries based on information generated by our screening vendors that only the applicant is likely to know. A scoring system is employed to determine if the applicant could be an imposter. Questionable applicants are given an opportunity to provide further information, but can be turned down for loans if their identity cannot be confirmed.

Documentation and accuracy play a large role in loan servicing, and Stephanie's attention to detail helps make sure that forms are processed accurately and that borrowers receive the correct information when they have questions. She truly leads by example and has high standards for herself and her staff.

Stephanie loves working with her close-knit "family" of coworkers. "The long-term employees at Campus Partners are always willing to help newer staff members and share information. Everyone here really cares about keeping customers happy and wants to resolve issues as quickly as possible," Stephanie stated. "The Campus Partners staff rises to every occasion to get the job done and can handle anything," she continued.

Stephanie is also very appreciative of all the employees who have helped her. She particularly cites her manager, Jeff Gruwell, Vice President, Loan Operations, for his open door policy and his knowledge of loan servicing. She also acknowledges Debra Adams, Director, Loan Operations, who is a "tremendous help" because of knowledge of the servicing system; Theresa Ehren, Systems Engineer, who continues to be an asset with her extensive knowledge of the loan origination and disbursement

Stephanie Clenney:

The Campus Partners staff rises to every occasion to get the job done and can handle anything.



systems; and Tammy Gupton, Business Analyst, for her help with credit bureau and system questions.

As noted earlier, Stephanie formerly worked for Sallie Mae for 13 years, and lived in Panama City, Florida at the time. When the opportunity arose to move to North Carolina and work for Campus Partners, Stephanie and her family jumped at the chance. The family often vacationed in the mountains and is now happy to be building a vacation home near Murphy, North Carolina.

The family includes her daughter who is a nurse currently pursuing her Bachelor of Science in Nursing; her husband of 25 years, Eric, who is also a nurse; and Quack, an 11 year old Quacker parrot who tries to rule the roost. The human members of the family enjoy gardening, feeding the 15 plus hummingbirds that inhabit their back yard, trips to state parks, and traveling. Stephanie also likes to play Nintendo Wii games with her family, and is now a "pro bowler," thanks to the game. Stephanie is originally from Pennsylvania and is a diehard Pittsburgh Steelers fan. In addition Stephanie enjoys attending church and is a fan of contemporary Christian music.

When Stephanie moved to North Carolina, she did not have the opportunity to miss her family, because her mother and several other family members relocated to Winston-Salem to be near her. That in itself is a tribute to what a special person Stephanie is to her family. She is also calm, kind, and very supportive of her fellow employees and staff. Although Stephanie does not seek the spotlight, she deserves attention because she is such an exceptional person and employee.

Jeff Gruwell, Vice President, Loan Operations sums up Stephanie's attributes very well. "Stephanie's flexibility and experience continues to be a great asset to Campus Partners, and I feel privileged to have worked with her in various stages of our careers for over 12 years now."