



UPDATE

Campus Partners
Winston-Salem, NC

*Revised Federal Perkins MPN Published,
Page 3*

October 1, 2009

INSIDE THIS ISSUE:

- | | |
|---------------------------------|-------------------|
| ◆ Legislative Update | ◆ Audit Results |
| ◆ Revised Perkins MPN Published | ◆ Training Update |
| ◆ Education Department Update | ◆ Conferences |
| ◆ Product News | ◆ Cutoff Dates |

*Inside the Industry
with
Harrison Wadsworth
Executive Director
COHEAO*

Holiday Schedule

Thanksgiving
November 26-27

Our online systems will be available during normally scheduled hours.

SAFRA Passes House

The House of Representatives voted to approve H.R. 3221, the Student Fiscal Aid Responsibility Act of 2009 (SAFRA), on Thursday, September 17, 2009. The bill passed by a margin of 252 to 171 votes, with most Democrats and Representatives voting along party lines. Several amendments were added to the bill, but none directly impacted proposed changes to the Federal Perkins program. Most House discussions centered on the elimination of the FFEL program, which so far has overshadowed concerns about the future of the Perkins loan program.

The bill now goes to the Senate Committee on Health, Education, Labor, and Pensions (HELP) for consideration. Following the Committee's approval, the bill will go to the full Senate. If the Senate passes the bill in a form that differs from the House's version, the bill will go to a Conference Committee to work out the differences. This timeline provides several opportunities to modify the current legislation.

Regardless of whether you oppose or support the proposed changes to the current Perkins loan program, it is important to make your opinion known to the Senators from your state. Most opposition focuses on the:

- Elimination of the in-school interest deferment,
- Reduction of most loan cancellation benefits for public service occupations, and
- Removal of the school from the repayment and servicing process.

LEGISLATIVE UPDATE

LEGISLATIVE UPDATE (Continued)

A sample letter focusing on opposition to these changes can be downloaded from the COHEAO web site at <http://www.coheao.org/legis/data/School.doc>. Because the bill is expected to move quickly through the Senate, sending the letter via email will be more effective than regular mail. Most senators provide an email link for facilitating receipt of constituent comments on their individual Senate Web sites.

If a Senator from your state serves on the Senate HELP committee, it is critical that you contact him or her immediately to voice your opinion on SAFRA. The following link provides a list of the HELP committee members:

<http://help.senate.gov/About.html>

More information about SAFRA is available on the COHEAO Web site at www.coheao.org. We have also included an interview with Harrison Wadsworth, Executive Director of COHEAO in this month's *Update*.

Campus Partners Advocacy Efforts

Campus Partners continues to work very closely with COHEAO to monitor the status of the SAFRA legislation and to coordinate advocacy efforts. Sharon Cameron, Audit and Compliance for Campus Partners, presented workshops for our employees to ensure they could answer your questions about the bill and to encourage them to contact their representatives concerning this legislation.

Aid Administrators Concerned about Proposed Changes to the Federal Perkins Program (Excerpted from the NASFAA Web site)

More than three-quarters of postsecondary institutions (79 percent) would prefer expanding the current Perkins Loan program rather than replacing it with the Direct Perkins Loan program being proposed in Congress, according to a recent survey of NASFAA-member schools. In fact, increasing unsubsidized Stafford Loan limits (80 percent) and lowering the interest rate on unsubsidized Stafford Loans (83 percent) were both preferred over the proposed Perkins changes passed by the House education committee last month.

During the first week of August, NASFAA surveyed more than 2,600 schools about potential changes to the Perkins program. Nearly 25 percent of surveyed schools responded. The survey addressed the proposal in House Bill H.R. 3221 to eliminate the Perkins Loan Program and replace it with the Direct Perkins Loan Program. As proposed, the Direct Perkins Loan program would operate in much the same way as unsubsidized Stafford loans. The new loan program would not carry an administrative cost allowance; a small payment would be paid to schools that elect to service outstanding loans made under the old Perkins Loan Program. The new loans would

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be serviced by the Department of Education, carry no interest subsidy for borrowers, offer an interest rate of 5 percent, and generally lack the loan forgiveness provisions currently available to Perkins Loan borrowers. The bill would dramatically increase funding for the program by allocating \$6 billion annually towards the program beginning in the 2010-11 award year, which supporters of the proposal hope will significantly increase its usage over the current Perkins Loan program.

Respondents overwhelmingly (80 percent) preferred increasing funding for the current Perkins Loan program rather than creating the new Direct Perkins Loan program. Schools that currently participate in the Perkins Loan program are most opposed to the changes proposed by Congress (only 15 percent favored the new program), while non-Perkins schools tended to be split (45 percent of non-Perkins schools preferred the current program). To read the complete article, please visit the NASFAA Web site at <http://www.nasfaa.org/PDFs/2009/QSSPerkins.pdf>

Revised Federal Perkins MPN Published

The Department of Education published *Dear Colleague Letter CB-09-05*, dated September 28, 2009. This letter provided implementation guidance along with the new MPN and an Addendum for the MPN with the June 30, 2009 expiration date or an earlier version. Due to a formatting issue with attached documents, the Department subsequently published *Dear Colleague Letter CB-09-06*, which provides the corrected versions of the newly issued Perkins MPN and Addendum.

The new Perkins MPN has been updated to reflect changes that were made by the College Cost Reduction and Access Act of 2007 (CCRAA) and the Higher Education Opportunity Act of 2008 (HEAO).

Implementation Details

Brian Smith with the Department of Education has notified us that the Department has changed the implementation date for the new MPN to December 31, 2009.

- Schools *may* use the Perkins MPN with the August 31, 2012 expiration date beginning September 28, 2009, but *must* begin using it as of December 31, 2009.
- Schools may not distribute the MPN with the June 30, 2009 expiration date to borrowers on or after December 31, 2009.
- If you are using the June 30, 2009 MPN as a multi-year note, you may continue to make loans under that MPN for future award years. Borrowers will not be required to sign a new note in this case.
- The Department has also developed an Addendum for schools to use to explain the changes made by the CCRAA and HEOA. This addendum must be provided to borrowers signing the MPN with the June 30, 2009 expiration date or an earlier version. Campus Partners is working to assist you with the requirement to send the Addendum to your borrowers.

To view guidance for the revised MPN go to <http://ifap.ed.gov/dpcletters/CB0905.html>.

The correct MPN and Addendum are available at

<http://www.ifap.ed.gov/dpcletters/CB0906.html>.

The revised MPN and Addendum are available on our Web site at

<http://www.campuspartners.com/forms2.html>.

**REVISED
PERKINS
MPN PUBLISHED**

**EDUCATION
DEPARTMENT
UPDATE**

Implementation of New Web Site for Total and Permanent Disability

A new Web site has been launched to aid in the Total and Permanent Disability (TPD) Discharge process. Borrowers seeking a disability discharge of their Federal Perkins, FFEL, Direct Loan and Teacher Education Assistance for College and Higher Education (TEACH) Grant service obligations will find complete information at this new TPD Discharge Web site. The address for the new site is:

<http://ifap.ed.gov/disabilitydischarge/main.html>.

Additional details are included in an electronic announcement from ED at

<http://ifap.ed.gov/eannouncements/090309NewSiteTPD.html>.

Release of Policies and Procedures Manual Guidance

On September 10, ED announced the availability of “A Guide to Creating a Policies and Procedures Manual.” This guide will assist schools in creating and revising written documentation about their efforts to comply with federal regulations pertaining to the administration of the Title IV programs. The guide features activities designed to help a school meet the minimum general requirements with regard to documented policies and procedures.

While recommended, creating the guide is an optional activity that schools often find helpful. You can read more about this Guide at

<http://ifap.ed.gov/eannouncements/091009PolicyProceduresManualGuidance.html>.

PRODUCT NEWS 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.

Attachment: *Recent System Enhancements*

Regulatory Wisdom from Sharon Cameron

Question: Has the new Federal Perkins MPN been published yet?

Answer: Yes. The Department of Education has just published the revised Perkins Master Promissory Note, which should be used beginning October 1, 2009. For more information, please see our article on page 3 of this publication.



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.

Another Perfect Audit

For the **tenth** consecutive year, Campus Partners has received perfect marks from its third-party audit firm. Porter Keadle Moore, LLP (PKM) conducted this year's SAS 70 Audit and reported no findings for the fiscal year ending June 30, 2009. The firm issued an "*unqualified*" opinion, which means that it is issued "without reservation and unconditionally." Campus Partners has maintained a 22-year history of successful audits and began conducting them before they were required by federal regulations.

If you have not ordered your copy of this year's audit, please complete and return the Audit Report Request Form, found on our Web site at the following address:

<http://www.campuspartners.com/forms.html>.

Managing the Exit Interview Process Webinar Planned

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 **Friday, October 9th at 2:00pm EST**. To register or find out more information, please contact Debra Pitts at dpitts@campuspartners.com.

As this issue of the *Update* goes to publication, Campus Partners has scheduled a Web conference, entitled "*SAFRA: What it Means to Your Students and Institution,*" to be presented on September 30. At this time, almost 125 participants have registered for the training event, which will be moderated by Sharon Cameron, Audit and Compliance Specialist. Many schools have multiple participants so this Webinar promises to be one of our most anticipated presentations.

Because of the importance of this topic, we will continue to keep you informed about the progress of SAFRA through the Senate via email messages and this publication.

TRAINING UPDATE

Web Conference Schedule

Managing the Exit Interview Process

Friday, October 9--*New Date*
2:00 to 3:30 PM Eastern

Regulations Update

Thursday, November 12
2:00 to 3:30 PM Eastern

Tips for Managing Delinquencies

Thursday, December 10
2:00 to 3:30 PM Eastern

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*.

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>.

PDG will present its **National Student Loan/Receivables Collection Conference** November 8-11 at the Hilton St. Petersburg Bayfront Hotel in St. Petersburg, FL. Visit <http://www.prodev.com> for more information.

CUTOFF DATES **Cutoff Dates**

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

Transaction	Sept.	Oct.	Nov.	Dec.
Last day to receive collection payments	9/25	10/27	11/20	12/28
Last day to receive regular payments	9/28	10/28	11/23	12/29
Last day for online payments	10/2	10/30	11/25	12/31
Date final post begins	10/2	10/30	11/27	12/31
Report date used for final post	9/30	10/31	11/30	12/31
Last day deposits created for deposit to bank account	9/30	10/30	11/25	12/31

Cutoff dates for 2010 are displayed on the next page.

CUTOFF DATES (Continued)

2010 Cutoff Dates

Month	Year	Last day to receive collection pmts	Last day to receive regular payments	Last day for on-line payments	Date final post begins	Report date used for final post	Last day deposits created for deposit to bank acct
December	2009	12/28/2009	12/29/2009	12/31/2009	12/31/2009	12/31/2009	12/31/2009
January	2010	1/26/2010	1/27/2010	1/29/2010	1/29/2010	1/31/2010	1/29/2010
February	2010	2/23/2010	2/24/2010	2/26/2010	2/26/2010	2/28/2010	2/26/2010
March	2010	3/26/2010	3/29/2010	4/2/2010	4/2/2010	3/31/2010	3/31/2010
April	2010	4/27/2010	4/28/2010	4/30/2010	4/30/2010	4/30/2010	4/30/2010
May	2010	5/25/2010	5/26/2010	5/28/2010	5/28/2010	5/31/2010	5/28/2010
June	2010	6/25/2010	6/28/2010	7/2/2010	7/2/2010	6/30/2010	6/30/2010
July	2010	7/27/2010	7/28/2010	7/30/2010	7/30/2010	7/31/2010	7/30/2010
August	2010	8/24/2010	8/25/2010	8/27/2010	8/27/2010	8/31/2010	8/31/2010
September	2010	9/27/2010	9/28/2010	10/1/2010	10/1/2010	9/30/2010	9/30/2010
October	2010	10/26/2010	10/27/2010	10/29/2010	10/29/2010	10/31/2010	10/29/2010
November	2010	11/19/2008	11/22/2010	11/24/2010	11/26/2010	11/30/2010	11/26/2010
December	2010	12/27/2010	12/28/2010	12/31/2010	12/31/2010	12/31/2010	12/31/2010
January	2011	1/25/2011	1/26/2011	1/28/2011	1/28/2011	1/31/2011	1/31/2011

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

**ATTACHMENT
RECENT SYSTEM ENHANCEMENTS****New Reports**

Two new monthly reports have been created and are now available to help track borrowers entering repayment and default. The reports are not cumulative.

- The ***Loans Entering Repayment Report*** identifies borrowers who entered repayment during the reporting period. Report fields include:
 - Borrower Name
 - Program-Loan-Sequence Number
 - Repayment Date (Date Loan Entered Repayment)
 - Loan Amount
 - Loan Balance

- The ***Loans Entering Default Report*** identifies borrowers who became 30 days past due during the reporting period. Report fields include:
 - Borrower Name
 - Program-Loan-Sequence Number
 - Default Date (Date Loan Became 30 days past due)
 - Loan Amount
 - Loan Balance

If you are interested in receiving either of these reports, please contact your Customer Service Representative.

iPROMise Enhancements

The ***iPROMise Entrance Counseling Not Complete Report***, which is available through System 3i, will no longer include borrowers who are not required to complete entrance counseling as determined by their lender.



Inside the Industry with Harrison Wadsworth

To answer questions about the Student Aid Fiscal Responsibility Act (SAFRA), we are going to an expert on the pending legislation, Harrison M. Wadsworth III, Executive Director of COHEAO. Under his leadership, COHEAO has actively organized grassroots support in favor of preserving the best aspects of the current Federal Perkins Loan Program since the legislation was introduced earlier this year.

COHEAO (Coalition of Higher Education Assistance Organizations) is a partnership of over 300 educational and commercial members which promotes access to post secondary education. Its focus is on legislative and regulatory advocacy for Federal Perkins and other campus-based student loan programs.

Question: What makes COHEAO unique?

Harrison: COHEAO is the only organization that serves Perkins loans, and it was founded specifically for that purpose. During the past year, we also have also been focusing on accounts receivable management and have established an Accounts Receivable Management Task Force. We included a presentation on best practices for accounts receivable management at our Mid-year Conference, and two Webinars on the subject are scheduled for later this month. Accounts receivable management is a logical direction for COHEAO to move into, and it expands our scope into institutional loans.

Question: What is SAFRA?

Harrison: SAFRA stands for the Student Aid and Fiscal Responsibility Act, and it is the House Education and Labor Committee's version of the President's proposal for student loan reform. The House added other spending provisions and folded the current Perkins program and FFEL program into the Federal Direct loan program. SAFRA radically changes the Perkins loan program and increases the funding cap on Pell grants.

SAFRA purposes to save \$87 million in education expenses, but Perkins loan funding will be expanded from \$1.4 billion dollars to \$6 billion. The Federal Perkins loan program will become the Federal Direct Perkins loan program, which mirrors the Federal Stafford Unsubsidized loan program. Increased Perkins funding comes from recalling all money from current Perkins revolving funds. Other provisions include eliminating the in-school interest deferment, most cancellation benefits, and school involvement in the repayment process. The Department of Education's Direct loan contractors would handle all servicing and collections.

The only difference between Federal Direct Perkins loans and the Federal Stafford Unsubsidized loans will be the interest rate. Perkins loans will carry an interest rate of 5% while unsubsidized Stafford loans will carry an interest rate of 6.8%. Students may be required to maximize Stafford loan

lending, before qualifying for a Direct Perkins loan.

Question: What are the advantages of SAFRA?

Harrison: The Perkins loan fund will increase from \$1.4 billion to \$6 billion, with a goal of allowing more schools to participate in the program and providing loans for more borrowers. However, the expansion will partially derive from eliminating the deferred interest benefit and reducing cancellation benefits. As conceptualized, the Direct Perkins loan program will supplant the need for private educational loans and allow more schools to participate.

Question: What are SAFRA's disadvantages?

Harrison: COHEAO believes that neither of these goals will be accomplished. Perkins loans are needs-based, and borrowers who qualify for private loans usually would not be eligible for Perkins loans and vice versa. School participation may be limited by the requirement for matching funds.

Question: Let's get into specifics. How much in matching funds will schools have to pay to participate in the program?

Harrison: That's the big question mark. Under the House bill, it's up to the Secretary of Education to decide. Originally schools were supposed to pay for the in-school interest deferment, but the bill coming out of the

More on next page

Inside the Industry: Harrison Wadsworth, Executive Director of COHEAO, answers questions about SAFRA.



House Education and Labor Committee does not provide for that. The current bill includes placeholder language, but some kind of institutional match will be required.

Question: If the in-school interest benefit is eliminated, how much extra could a Perkins borrower end up owing?

Harrison: If a student borrows the maximum Perkins amount of \$5,500 each year for four years and interest is capitalized, they would owe about \$27,000 upon graduation. With the current interest deferment, they would only owe around \$22,000.

Question: How would cancellation benefits be different for Perkins loans in the future?

Harrison: If passed, the legislation will eliminate current Perkins cancellation benefits for loans made after July 1, 2010, and new cancellation benefits will mirror those of the Federal Stafford Unsubsidized loan program. Under the new program, teachers meeting certain requirements will be eligible to have part of their loan canceled after five years of teaching, and some public service professionals will be eligible to have their remaining loan balance canceled after 10 years of repayment. Under most circumstances, the borrower will have repaid their loan by that time.

However, the new Perkins loans will qualify for the Income Sensitive Repayment Program, which bases loan payments on income. After 25 years of repayment, the borrower's loan can be forgiven if program requirements are met.

Question: If the legislation passes, what will schools do with money as it is repaid for current Perkins loans?

Harrison: As the money is collected, the school will have to send the federal contribution back to the Department of Education, after deducting their institutional share. Schools could also transfer their loans to the Department at one time.

Question: Will schools lose their ability to participate in the Direct Perkins program?

Harrison: All current Perkins schools will be grandfathered in if they wish. The bill calls for schools to receive the same level of funding they currently have, based on the average of their loan volume over the last five years.

Question: What will happen to the borrower/school relationship after the award of the loan?

Harrison: It will change dramatically—there will be none at all! Federal contractors, chosen by the Department, will service all Direct loans.

Question: Why is the borrower/school relationship important?

Harrison: Schools now work with their borrowers to resolve payment issues. In the future the loans will be part of the Direct loan repayment system. Borrowers would have to call the Department's contractors if they have a problem, and some may not call at all. If a borrower defaults, the school would get the blame for making the loan, but would have no role in collections.

Question: What will happen to the school/servicer relationship?

Harrison: There will be no school/servicer relationship for loans made under the Federal Direct Perkins loan program.

Question: Can schools continue to use their current servicer for loans issued before July 1, 2010?

Harrison: Yes. Schools can use their current servicer.

Question: Will schools be reimbursed for administrative costs for the loans made under the current Master Promissory Note?

Harrison: Under the current proposal, schools will be paid a 50 basis point fee for loan servicing, based on outstanding principal and interest.

Question: What is COHEAO doing to advocate against the proposed changes to Perkins?

Harrison: COHEAO has worked to notify schools about these proposed

changes since February. We also have spread the word through our COHEAO Web site (www.coheao.org), which provides information, such as sample letters, talking points, and legislative contact information.

In addition we have worked with the House Education and Labor Committee and made suggestions to retain the better points of the new Perkins legislation (expanded funding), but leave the current Perkins in-school interest deferment, cancellation benefits, and servicing options in place. We sponsored the September 17 and 18 *National Call In Days* to urge schools to contact their elected officials.

Although the House has passed the SAFRA, the Senate has not, so we are asking schools to contact their senators with their concerns. In addition, the House will have another vote on final legislation later this fall. Any hope of changing SAFRA will require that schools get involved in the process.

Don't wait. Contact your Senators today.

Harrison M. Wadsworth III currently serves as executive director of the Coalition of Higher Education Assistance Organizations and works with other clients as a principal at Washington Partners, LLC, a DC-based government and public relations firm. Mr. Wadsworth has over 25 years of experience in public policy and communications, including 19 years working on various aspects of higher education policy. Previously he served as the vice president and deputy executive director of the Education Finance Council, a trade association working on student loan financing and other higher education issues. Mr. Wadsworth served for eight years as legislative director and press secretary for U.S. Representative Bart Gordon, currently the chairman of the House Science and Technology Committee, and for seven years as a daily newspaper reporter and editor. He received a Bachelor of Arts degree in Mass Communications from the University of California, Davis in 1977 and a Master of Arts degree in Economics and American Foreign Policy/Security Studies from Johns Hopkins University School of Advanced International Studies in 1987.