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H.R. 4137 Student Loan Information Access Language Insures Quality Servicing to Student Loan Borrowers

(Mesa, AZ – November 14, 2007) Mary Lyn Hammer, President and CEO of Champion College Solutions (Champion), today praised the bipartisan efforts that introduced legislation that requires lenders to provide free and timely information to colleges and their third party servicers to assist in student loan delinquent and default prevention.

While opponents of this pro-borrower provision have attempted to create the doomsday scenario whereby borrower information is compromised, it simply isn't the case. As stated in a letter from the Consumer Bankers Association, "Under current law educational institutions and, with their authorization, their third party servicers, can request information from loan providers for the purpose of working with borrowers to avert defaults." This codifies the existing requirement that lenders work with schools and their agents to reduce defaults and help keep student borrowers from needlessly hurting their future credit rating. The problem is that several entities in the FFELP community either refuse to share this information or release it so untimely that students go into default when it could have been avoided. The Student Loan Information Access language in H.R. 4137 insures collaboration with vital information to prevent unnecessary student loan defaults.

Champion College Solutions has been in business for 18 years, servicing between 120,000-180,000 borrowers a year. They have successfully lowered cohort default rates by offering borrower education and debt counseling for student loan borrowers. The company does not make loans, pay off loans, or get a percent of collected loans. Schools pay a monthly fee per borrower for borrower education and debt counseling services because the schools' reputation and Title IV eligibility and benefits are dependent upon their cohort default rates.

Student loan information access has been an issue for the entire time that Champion has been in business. "We've been working to educate Members of Congress and their staffs for many years," states Ms. Hammer, "because some lenders refuse to provide information that is critical to quality borrower education and default prevention."

The statements and positions by the Consumer Bankers Association (CBA) and National Council of Higher Education Loan Programs (NCHELP) published in various higher education industry articles including the Chronicle of Higher Education and CQ Today are misleading and inaccurate. Companies like Champion College Solutions, who offer default prevention services, are an agent of the school and, technically, already have access to the "identifying" information through the school's financial aid processes. The information requested from the lenders, servicers, and guarantors is "non-identifying" and needed to best counsel the student borrowers. This is not a security issue.

Champion College Solutions has never had a breach in security. They have a state-of-the-art computer security system, have security cameras in place, all employees go through extensive background checks, and regularly monitor phone calls to insure quality servicing.

Not all FFELP companies agree with CBA's and NCHELP's protest of the legislation. Many very large companies regularly comply and grant access to borrower information for the purpose of borrower education and default prevention. In fact, the Gramm-Leach-Bliley Act (GLB) under Title V – Privacy statute recognizes that there are circumstances in which the nonpublic information needs to and should be shared with non-affiliated third parties and spells out the requirements for doing so. This in conjunction with requirements captured in the Master Promissory Note meets both the intent and the letter of GLB.

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The Student Loan Information Access language in H.R. 4137 will assist in default prevention, save federal and taxpayer money, and most importantly gives the students the highest quality of borrower education and beneficial debt counseling.

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