

Coming Soon!

To help promote the upcoming Financial Aid Awareness Month, Iowa Student Loan's financial literacy liaison, Heather Norris, created a brand-new presentation for your students. The interactive Puzzle of Fortune was inspired by the popular game show "Wheel of Fortune®."



This presentation game is packed full of fun and useful information to help students understand financial aid and the importance of filing the FAFSA in a timely manner. Look for more information after the New Year.

The President's Message: Ensuring Student Loan Funding in Iowa



Steve McCullough
President & CEO

The Iowa Student Loan mission is to help students obtain the funding resources necessary to achieve their postsecondary education goals. The current credit and financial crisis underscores the importance of Iowa Student Loan's mission and its essential role in ensuring Iowans have the money they need to attend and stay in school. In the face of these economic challenges, I am happy to report that Iowa Student Loan is undertaking several key initiatives, programs and contingency plans designed to make sure that Federal Family Education Loan Program (FFELP) and private student loans will be available into the foreseeable future.

continued on page 2

Contact Us

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Inside This Issue:

Iowa Student Loan Maintains Strong Customer Satisfaction Rating	Page 3
New Senior VP of Business Development and Client Relations	Page 4
Payment Channel for Borrowers	Page 5
Update on Iowa Student Loan Nursing and Teacher Education Loan Forgiveness Programs	Page 6-7
Schedule Your Spring Semester Financial Literacy Presentations Now!	Page 8
Financial Aid Awareness Month	Page 9
ICAN Newsletter Offers Advice to College Students	Page 9
Informational Private Loan PowerPoint Available Soon!	Page 10
Iowa Student Loan Maintains Strong Customer Satisfaction Rating	Page 10
Waving the Red Flag	Page 11
Coming Soon!	Page 12



For FFELP, Iowa Student Loan:

- ▶ Has received pledges from Iowa banks and credit unions to hold FFELP loans on their books, if necessary, to ensure availability, using Iowa Student Loan as loan servicer.
- ▶ Has signed a contract to service loans for U.S. Bank, a national lender that has committed to making FFELP loans in Iowa.
- ▶ Has received more than \$63 million as part of the Put and Participation Programs enacted as part of the Emergency College Access Student Loan Act. Iowa Student Loan will also be able to extend this arrangement through the end of the 2009-2010 academic year.
- ▶ Will be issuing commercial paper under the Commercial Paper Conduit Program guaranteed by the U.S. Department of Education. This is a new, permanent funding structure for loans made since 2003 and will be used to refinance the loans held under the Participation Program. Iowa Student Loan will retain all servicing functions on the loans.
- ▶ Is monitoring the auction of Federal PLUS Loan origination rights for 2009-2010 and intends to partner with its lender clients to win the bid and ensure continuity of service for students and parents.
- ▶ Continues to pursue opportunities to restart its traditional bond issuance for FFELP loans.
- ▶ Has agreed, in the unlikely event that the above measures prove to be unsuccessful, to partner with the Iowa College Student Aid Commission (ICSAC) to provide ICSAC with the servicing expertise needed for it to serve as the Lender of Last Resort as called for under current law.
- ▶ Continues to fund the iLink Service Center, which offers a one-stop shop for colleges regardless of the lender or guarantor used for FFELP or private loan programs. iLink proactively reconciles transmissions to ensure accurate data routing in addition to offering a full customer service unit.

For Private Loans, Iowa Student Loan:

- ▶ Continues to monitor the availability of private loans made with cosigners to ensure that there is no shortage of these loans. Multiple lenders continue to offer private funding. Iowa Student Loan is actively working in its capacity as a servicer and experienced advisor to help additional Iowa lenders be involved in private student loan lending. The result is more options for students who need private student loans to continue their education.
- ▶ Has initiated the Iowa Alliance Private Student Loan Program (Iowa Alliance Loan) in partnership with 17 Iowa banks to make loans available to Iowa students attending Iowa colleges who are unable to obtain a creditworthy cosigner. Iowa Student Loan is in the process of extending this program into the 2009-2010 academic year with expanded criteria.
- ▶ Has assisted two credit unions in starting private loan programs for in-state and out-of-state students attending Iowa colleges. Iowa Student Loan acts as the servicer, providing guidance and expertise. Iowa Student Loan is working with credit unions to start similar programs in areas of the state not currently served.
- ▶ Has assisted two colleges and a lender in starting individual loan programs directed primarily at out-of-state students who are unable to obtain creditworthy cosigners. Iowa Student Loan stands ready to put similar programs in place for other colleges.
- ▶ Is structuring a bond issue that would fund additional private loans to in-state as well as out-of-state students attending Iowa colleges. This would help ensure coverage of students not eligible for the Iowa Alliance Loan. Iowa Student Loan appreciates support from colleges as the corporation markets and issues these bonds.

As you can see, Iowa Student Loan is working hard to put in place programs and plans for both FFELP and private student loans to help students access and attain higher education. Iowa Student Loan appreciates the support received from you, Iowa lenders and state officials, during adverse economic conditions as Iowa Student Loan works to accomplish the purpose for which the Corporation was created.

New Senior VP of Business Development And Client Relations



*Rob Miller, Senior Vice
President of
Business Development*

Iowa Student Loan announces that Rob Miller has accepted the position of Senior Vice President of Business Development and Client Relations. He replaces Becky Parker, Senior Vice President of Marketing, who is retiring at the end of the year.

"I will miss talking with many of you, but I could not be happier with the decision the Corporation has made in hiring my replacement," Becky says. "As you well know, Iowa Student Loan and the industry are experiencing challenging times. Rob brings the experience and skills necessary to ensure that Iowa Student Loan remains a leader in the state as it continues to help students find the loans to help finance their education."

Rob was most recently director of the Iowa College Access Network® (ICAN) and will be replaced at ICAN by Juan Garcia as its manager. Rob has extensive experience and an impressive track record in helping states launch initiatives to improve college access and success. For the past two years he has helped broaden efforts to work with more underserved students at ICAN and its College Planning Centers.

Currently, Rob serves on the Board of Directors of Iowa Dollars for Scholars. He is a member of the Planning Task Force for Iowa College Goal Sunday and wrote planning and implementation proposals for grants funding that event. Rob recently organized and hosted the productive first Annual Iowa College Access and Success Conference. Rob was also a member of Iowa's 21st Century Skills task force for financial literacy that established essential financial literacy standards for students in grades 9-12.

Rob has a strong background in Iowa education. For nearly 10 years, he worked for Pearson Education (formerly NCS, Inc.) in Iowa City, where he managed technical and program support for Project EASIER under a contract with the Iowa Department of Education. He also held several marketing and business development positions with Pearson until serving as the U.S. Department of Education's Title IV contractor.

Farewell, Becky!

Congratulations and warm wishes on your retirement! We will miss you but wish you only the best in the future. Thank you for all you've done for Iowa Student Loan and for everything you've done for Lender and School Services in particular.



Payment Channel for Borrowers

Iowa Student Loan recently unveiled a new payment method. Iowa Student Loan borrowers can pay by phone 24 hours a day, 7 days a week, independent of a representative. They simply call (800) 243-7552 and select option 1, to make a payment on all or some of their loans.

Borrowers will need their 10-digit Iowa Student Loan account number. If they wish to pay on a specific loan, they will also need their loan sequence number.*

Borrowers must verify their identity with their account number, date of birth and the last four digits of their Social Security number. They will then hear the balance due on all their loans. They will have the option to make a payment toward all of their loans or to a specific loan.

Borrowers can make their payment automatically by keying in their checking or savings account number, credit or debit card number, or the number of an ATM card with the STAR, PULSE or NYCE logo.

Iowa Student Loan does not charge borrowers to use this service. This new payment option should be a significant efficiency for borrowers, as well as Iowa Student Loan. This payment method may also help reduce delinquencies by giving past-due customers a quick and easy payment option to suit their comfort level. Borrowers continue to have the option to use Iowa Student Loan's automatic payment plan, to pay online or to pay by check.

*Payments on specific loans may not be available on loans that have been consolidated.



Update on Iowa Student Loan Nursing and Teacher Education Loan Forgiveness Programs

To climb steep hills requires slow pace at first.
 –William Shakespeare

There are many paths to the top of the mountain, but the view is always the same.
 –Chinese Proverb

The preceding quotes speak volumes about the history and future of the Iowa Student Loan Nursing and Teacher Education Loan Forgiveness Programs, currently in their fifth and third award year, respectively.

Both programs have grown, slowly but steadily, to meet high expectations.

Teacher Education Loan Forgiveness Program

- ▶ **123 individuals** out of 493 approved recipients (25%) have received at least one year of loan forgiveness. **67** individuals have already received two years' worth of benefits. In total, these recipients have worked in **132 different teaching positions** in **45 different Iowa counties**.
- ▶ **Total dollars forgiven** to date for teachers is **more than \$198,000**. When considering each recipient's potential award over five years, this figure projects to \$1,107,000, or 28% of the program's outstanding commitment through the 2007-2008 award year. (2008-2009 award totals are still being finalized.) Many approved recipients are still in school but soon will be filling shortage area teaching positions in Iowa.

Slow and steady progress does deliver results: 77% of Iowa's 99 counties employ or have employed at least one teacher or nursing student loan forgiveness recipient. Iowa Student Loan will keep climbing and knows that the view from the top will be enjoyed by hundreds of Iowans whose professional work is improving life for all Iowans.

Employment of Iowa Student Loan Forgiveness Program Recipients



■ = Iowa counties where Iowa Student Loan nursing or teacher loan forgiveness recipients have worked (through Dec. 15, 2008).

Here is a look at some of each loan forgiveness program's positive outcomes to date.

Nursing Education Loan Forgiveness Program

- ▶ **148 individuals** out of 793 approved recipients (19%) have received at least one year of loan forgiveness. **82** individuals have received at least two years' of benefits, with approximately one-quarter of that number receiving three or more years of loan forgiveness. These recipients have worked in a total of **177 different nursing positions** in **55 different Iowa counties**.
- ▶ **Total dollars forgiven** to date for nurses is **more than \$630,000**. When considering each recipient's potential award over four years, this figure projects to \$1,716,471, or 28% of the program's outstanding commitment through the 2007-2008 award year. (2008-2009 award totals are still being finalized.) Many approved recipients are still in school or currently working toward their first anniversary date of eligible full-time employment in Iowa.

Schedule Your Spring Semester Financial Literacy Series Presentations Now!

The holidays are quickly approaching. You know what that means, right? Yep, you may have a long line of financially strapped students come January. Splurging on the holidays comes at a cost. How can you help?

Schedule a Financial Literacy Series presentation for your campus this spring and offer your students a chance to be better prepared financially.

By offering one of these Financial Literacy Series presentations on your campus, you're encouraging your students to actively engage and learn how to handle their finances, freeing them to focus on their education.

The Financial Literacy Series features six topics for students, many of which are great for this time of year and others that will be ideal for graduating seniors. Topics include:

- ▶ Money Matters
- ▶ Take Charge of Credit Cards
- ▶ Understand Credit Reports and Scores
- ▶ Life After College
- ▶ Prevent Identity Theft
- ▶ Borrow Wisely for College

For graduate and professional degree-level students, the Graduate Student Survival presentation is a new offering.

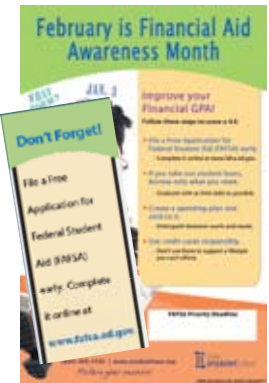
To schedule a Financial Literacy Series presentation or order materials for next semester, call Heather Norris at (800) 243-7552, ext. 7671, or send an e-mail to hnorris@studentloan.org.

Quick holiday shopping tips for you and your students:

- ▶ Make a list of the people you wish to buy gifts for this holiday season.
- ▶ Review your budget and determine how much you can afford to spend.
- ▶ Divide your holiday shopping budget by indicating the maximum amount of money to spend on gifts for each individual on your list.
- ▶ Brainstorm gift ideas before you go shopping.
- ▶ Stick to your list and your budget.
- ▶ Avoid using credit cards to purchase your holiday gifts.
- ▶ Offer your time and talents rather than buying something.

Financial Aid Awareness Month Is Right Around The Corner

As you know, the sooner students begin the financial aid process, the better. To help you kick off Financial Aid Awareness Month in February, Heather Norris, Iowa Student Loan financial literacy liaison, created fun and informative materials to help support your campaign to raise awareness among students about the importance of completing the Free Application for Federal Student Aid (FAFSA).



During the first week of January, all Iowa schools will receive a Financial Aid Awareness Month Kit including a news release for your student media, posters to display in prominent areas of your campus and mailbox stuffers that can double as bookmarks.

"We hope students will note that they shouldn't skip filling out the FAFSA since it could jeopardize their eligibility for financial aid, grants, scholarships and federal student loans," Heather said.

You may order additional posters and mailbox stuffers for your campus by contacting Heather at hnorris@studentloan.org.

ICAN Newsletter Offers Advice to College Students

The Iowa College Access Network (ICAN) recently introduced the e-newsletter *ignite* to college students. The monthly e-newsletter provides success tips and ideas for students who may not readily reach out for the help they need. Articles and features discuss career planning, financial aid, academic success and much more with a creative twist.

Students can sign up to receive this free e-newsletter by going to www.ICANsucceed.org/ignite.



Private Loan Education Materials

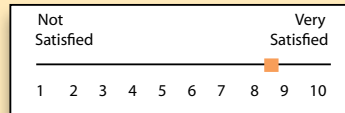


Iowa Student Loan will unveil a PowerPoint presentation to supplement the National Council of Higher Education Loan Program's (NCHELP) private loan brochure offered at the Iowa Student Loan booth during the Iowa Association of Financial Aid Administrators (IASFAA) conference in Dubuque this fall.

NCHELP created the awareness brochure entitled "Research, Remember, Repay" for students and parents to help explain student loans and responsible borrowing. The complementary PowerPoint, which will include and expand upon information from the brochure

and offer a question and answer section, should be available for use in the upcoming spring semester.

Iowa Student Loan Maintains Strong Customer Satisfaction Rating



Iowa Student Loan recently conducted and evaluated its annual borrower customer satisfaction survey. The 2008 results indicated an overall borrower satisfaction rate of 8.64 on a scale of 1 ("Not Satisfied") to 10 ("Very Satisfied"). That rating is near last year's 8.65.

In this year's survey, Iowa Student Loan asked borrower customers to rate the importance of specific characteristics of student loan lenders. These responses were used to put the satisfaction ratings in customers' perspective. The issue of highest concern among those surveyed was the ability to keep confidential data secure. This issue also achieved the highest customer satisfaction ranking.

Overall, the survey shows a high level of satisfaction with Iowa Student Loan services and products that are important to borrowers. Iowa Student Loan takes pride in its customer service and will continue to improve its service to all customers.

Waving the Red Flag

Borrowers are concerned about the security of their personal information, and Iowa Student Loan continuously works to safeguard account and private information. One aspect of this policy is compliance with federal regulations, including the Red Flags Rule.

Last year, the Federal Trade Commission and federal banking agencies issued what is known as the Red Flags Rule. These regulations implement sections 114 and 315 of the Fair and Accurate Credit Transactions Act, which amends the Fair Credit Reporting Act.

Effective Nov. 1, 2008, these rules essentially require creditors such as Iowa Student Loan to take additional steps to verify the identity of a customer before allowing the financial transaction to be completed. For Stafford Loans, schools should expect little change to the process. However, if the information on an application does appear suspicious or conflicting, there may be delays and the school may be contacted to aid in sorting out the conflict.

Loans that require a credit check, such as Federal Parent PLUS Loans and Grad PLUS Loans, as well as private loans, will have additional checks for high-risk fraud alerts and address mismatches. If the provided address does not appear on the consumer's credit file or on Iowa Student Loan's servicing history, loan processing will be suspended until the conflicting information can be resolved. At times the school may be contacted for verification of demographic information or for proof of Social Security number. Therefore, it is very important that the information provided on the application and on the school certification is the permanent home address of the borrower, not a temporary school address. Conflicting information will result in delayed processing, while conflicts that remain unresolved for 30 days may result in denial of the loan application.

Please assure students that these policies are for their protection. Iowa Student Loan is pleased that this year's customer survey reflects borrowers' satisfaction with current practices (see related story on page 10), and Iowa Student Loan will continue to secure borrower data to the extent necessary.

