



Illinois Student Assistance Commission (ISAC) Lender Agreement Procedures

- 1) If you are requesting participation in FFELP with ISAC, please complete, sign and date two copies of the enclosed *Lender Agreements*. When the approval is complete, one signed original copy will be returned to you.

Note: Be sure to check all applicable boxes under item #1 of the Lender Agreement.

- 2) In addition, please also complete the ISAC *Lender Information Sheet* and the *Required Financial History Information Form*, and return them with the Lender Agreements to ISAC. **(For lenders who have contracted with servicers, the servicer address, telephone number, and representative name is to be included on the ISAC Lender Information Sheet).**

Please submit the completed documentation from both items 1) and 2) to:

Nancy Pietryla
D-4, Compliance
Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL 60015-5209

*If needed, the telephone number is (800) 899-4722, ext. 2404.

- 3) When the documents described above are received and processed by ISAC, you will be sent a letter of approval and one original copy of the approved *Lender Agreement*, which has been approved by ISAC.

Holder Eligibility

ISAC Rules, Section 2720.35

- a) All approved holders must execute an ISAC Holder Agreement prior to participating in the Federal Family Education Loan Program through ISAC.
- b) Holders must have received ED approval prior to executing a Holder Agreement.
- c) The Holder Agreement shall include provisions requiring holders to:
 - 1) comply with statutes, federal regulations and State rules; and
 - 2) provide such information as ISAC may request relating to borrower demographics, collection records and other documents ISAC may need to comply with federal regulations. (See Sections 2720.60(a) and 2720.70(c).)
- d) Holders and ISAC shall electronically transmit and receive loan guarantee data. ISAC shall provide the holder with program documentation and reasonable technical assistance related to electronic data exchanges. ISAC and the holder shall agree that the information and data shall be confidential and shall not be used, disclosed, sold or shared for any purpose other than that which is directly related to the administration of ISAC's guaranteed loan programs.
- e) Termination of the Holder Agreement may be made by either the holder or ISAC with 30 days' advance written notice. Termination shall not affect any obligations incurred prior to the time such termination becomes effective.
- f) Eligible holders shall employ an adequate number of qualified persons to administer the holders' responsibilities under ISAC's rules and federal regulations. In determining whether a holder employs an adequate number of qualified persons, ISAC considers the number of students aided, the number of applications evaluated and the amount of funds administered.
- g) In addition to the provisions of subsection (c), the Holder Agreement for insurance companies approved as holders shall require:
 - 1) advertising and promotional materials consistent with Section 149 of the Illinois Insurance Code [215 ILCS 5/149] and 50 Ill. Adm. Code 909; and
 - 2) compliance with Article XXVI of the Illinois Insurance Code [215 ILCS 5/Art. XXVI].
- h) A loan guarantee shall be canceled if the holder fails to comply with statutes, federal regulations and State rules, provided such failure impairs ISAC's ability to recover the expense of reimbursing the holder for the defaulted loan.

- i) ISAC conducts compliance reviews to determine if approved holders are complying with federal regulations, statutes and rules.
- j) Holders wishing to participate in ISAC-guaranteed loan programs shall submit an application which shall include, but not be limited to: servicing/secondary market agreements; previous compliance and audit reviews conducted by other guarantors and ED; documentation relating to the percentage of student loans as compared to other installment loan portfolios; default rates; policy and procedures manuals; promotional materials; a statement relating to previous and anticipated loan volume; and other similar information relating to student loans requested by ISAC to show the holders' qualifications for participation. Program participation will be determined by an examination of those materials and compliance with federal laws and regulations and state rules and statutes.

(Source: Amended at 24 Ill. Reg. 9101, effective July 1, 2000)

Federal Consolidation Loan Eligibility

ISAC Rules, Section 2720.55

Federal Consolidation Loan Program

- a) ISAC shall guarantee Federal Consolidation Loans pursuant to Section 428C of the Higher Education Act of 1965, as amended (20 USCA 1078-3).
- b) Lenders may make Federal Consolidation Loans provided participation in the Federal Consolidation Loan Program is authorized by the Lender Agreement. (See Section 2720.20(a).)
 - 1) ISAC shall initially authorize a lender to issue no more than \$5,000,000 in guaranteed Federal Consolidation Loans.
 - 2) A lender may receive additional lending authority provided an ISAC compliance review indicates the lender is complying with federal regulations, statutes and rules. (See Section 2720.20(f).)
- c) All applications and promissory notes shall be in a form approved by ED. Lenders shall report to ISAC when a Federal Consolidation Loan is made.
- d) Lenders or holders shall request default aversion assistance and reimbursement on Federal Consolidation Loans in accordance with Sections 2720.60 and 2720.70.
- c) Lenders or holders shall pay the U.S. Department of Education all fees required by Section 428C(f) of the Higher Education Act, as amended, for Federal Consolidation Loans made on or after October 1, 1993.

(Source: Amended at 23 Ill. Reg. 7537, effective July 1, 1999)



HOLDER AGREEMENT

Holder Name				
Street Address				
City/State	ZIP	Code	Lender	Code

Whereas, the above-named Holder, wishes to possess student loans guaranteed by the Illinois Student Assistance Commission (ISAC), and
 Whereas, the ISAC desires to allow entities other than those originate loans to hold them in their portfolios,
 Therefore, the Holder and ISAC agree as follows:

(1) ISAC authorizes Holder to possess loans, guaranteed by ISAC, in the following programs:
[PLEASE THE APPLICABLE BOXES UNDER ITEM #1]

- Federal Consolidation Loan Program, as authorized by Section 428C of the Higher Education Act of 1965, as amended.
- Other Federal Family Education Loan Programs:
 - Federal Stafford Loan Program, as authorized by Sections 427 and 428 of the Higher Education Act of 1965, as amended,
 - Unsubsidized Stafford Loans for Middle-Income Borrowers, as authorized by Section 428H of the Higher Education Act of 1965, as amended, and
 - Federal PLUS Loans, as authorized by Section 428B of the Higher Education Act of 1965, as amended.
 - Federal Supplemental Loans for Students (SLS), as formerly authorized by Section 428A of the Higher Education Act of 1965, for loans made prior to July 1, 1994.

(2) The Holder agrees to comply with all provisions of applicable laws and regulations, as presently formulated and as hereinafter amended, including: the Higher Education Act of 1965, as amended (20 U.S.C. 1071 et seq.); the Higher Education Student Assistance Act, as amended [110 ILCS 947/1 et seq.]; the United States Department of Education Regulations (34 CFR 682); and the ISAC Rules (23 Ill. Adm. Code 2720).

(3) If ISAC determines that the Holder has violated the aforementioned authorities, ISAC may modify or terminate this agreement in accordance with the procedures outlined in ISAC Rules.

(4) If the Holder no longer wishes to make the loans identified in Section (1) of this Agreement, the Holder shall give ISAC 30 days advance written notice to amend or terminate this Agreement. Such amendment or termination shall not affect the guarantee of any loans made prior to such amendment.

(5) This Agreement shall be governed in all respects by the laws of the State of Illinois

(6) This agreement supersedes all previous Agreements between ISAC and the Holder.

(7) The parties hereto have executed this agreement through their duly authorized representatives.

	Printed	Name	Title	Date
Authorized Lender Official's Signature				
	Printed	Name	Title	Date
Authorized ISAC Official's Signature				

[PLEASE COMPLETE, SIGN AND DATE]



HOLDER AGREEMENT

Holder Name				
Street Address				
City/State	ZIP	Code	Lender	Code

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(7) The parties hereto have executed this agreement through their duly authorized representatives.

	Printed	Name	Title	Date
Authorized Lender Official's Signature				
	Printed	Name	Title	Date
Authorized ISAC Official's Signature				
[PLEASE COMPLETE, SIGN AND DATE]				



REQUIRED FINANCIAL HISTORY INFORMATION

Please complete the following and return it to the Illinois Student Assistance Commission (ISAC) with the signed and dated agreements and information sheet.

1. Who is the institution's chartering agency? _____

2a. What are the institution's examination requirements? _____

2b. Date of last examination _____

2c. Examination by whom? _____

2d. What were the results of the examination? _____

3. Length of time the lender has been incorporated and operating? _____

4a. Asset size: \$ _____

4b. Please attach a copy of the institution's most current audited financial statement.

The above information is complete and accurate to the best of my knowledge.

Lender Address

City State Zip

Signature Title Date

ISAC
1755 Lake Cook Road, Deerfield, IL 60015-5209
(847) 948-8500

