



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:

Sue Eichholz
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.

Lender Eligibility

ISAC Rules, Section 2720.20

a) Lender Agreement

- 1) All approved lenders must execute an ISAC Lender Agreement prior to participating in the Federal Family Education Loan Program through ISAC. Lenders wishing to serve as lenders-of-last-resort are required to sign an additional Agreement which includes the provisions of Section 428(j) of the Higher Education Act, as amended.
- 2) Lenders must have received ED approval prior to executing a Lender Agreement.
- 3) The Lender Agreement shall include provisions requiring lenders to:
 - A) comply with statutes, federal regulations and State rules; and
 - B) 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).)
- 4) Lenders and ISAC shall electronically transmit and receive loan guarantee data. ISAC shall provide the lender with program documentation and reasonable technical assistance related to electronic data exchanges. ISAC and the lender 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.
- 5) Termination of the Lender Agreement may be made by either the lender or ISAC with 30 days' written notice. Termination shall not affect any obligations incurred prior to the time such termination becomes effective.

b) Eligible lenders shall employ an adequate number of qualified persons to administer their responsibilities under ISAC's rules. In determining whether a lender 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.

c) In addition to the provision of subsection (a), the Lender Agreement for insurance companies approved as lenders 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 Sections 421 through 434 of the Illinois Insurance Code [215 ILCS 5/421 through 434], which prohibit unfair methods of competition and unfair and deceptive acts and practices.
- d) A loan guarantee shall be canceled if the lender fails to comply with federal regulations, statutes, ISAC's rules or procedures, provided such failure impairs ISAC's ability to recover the expense of reimbursing the lender for the defaulted loan.
- e) ISAC conducts compliance reviews to determine if approved lenders are complying with federal regulations, statutes and rules.
- f) Lenders 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 the Department of Education; 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 lender's 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 22 Ill. Reg. 11051, effective July 1, 1998)

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)



LENDER AGREEMENT

Lender Name	Contact	Person Name/Phone Number/ Fax and Email	
Street Address			
City/State	ZIP	Code	Lender Code

Whereas, the above-named Lender, wishes to make educational loans to postsecondary students, and/or their parents, and
 Whereas, the Illinois Student Assistance Commission (ISAC) desires to guarantee loans made by eligible lenders,
 Therefore, the Lender and ISAC hereby agree as follows:

(1) ISAC authorizes the Lender to make loans, guaranteed by ISAC, in the following programs:
[PLEASE CHECK 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 Program Loans:
 Federal Subsidized Stafford Loans, as authorized by Sections 427 and 428 of the Higher Education Act of 1965, as amended,
 Unsubsidized Federal Stafford Loans, 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.

Please indicate (by marking the line next to YES or NO below) if Lender is willing to make Lender-of -Last Resort Loans as authorized by Section 428(j) of the Higher Education Act of 1965, as amended for programs identified above (See Addendum to Lender Agreement for Lender of Last Resort for applicable programs). _____ YES _____ NO

Please indicate if Lender is willing to make Lender-of -Last Resort Loans **ONLY (Note: For Lenders who are ONLY willing to make Lender of Last Resort Loans, the Addendum to Lender Agreement for Lender of Last Resort requires a written explanation)**

(2) The Lender and ISAC agree to comply with all provisions of applicable laws and regulations, as presently formulated and as hereinafter amended, including, but not limited to: 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 Part 682); ISAC's Administrative Rules (23 Ill. Adm. Code 2720); and ISAC's published guidelines, policies and procedures. ISAC agrees to use its best efforts to advise Lender, in advance, of any changes in the aforementioned authorities over which ISAC has exclusive control.

(3) The Lender agrees not to offer or provide an improper inducement as described in paragraph (5)(i) of the definition of "Lender" in 34 CFR Part 682.20(b), as amended and such other conflicts of interests provisions as may be enacted by the United States Department of Education.

(4) If ISAC determines that the Lender has violated the authorities described in paragraphs (2) and (3), ISAC may modify or terminate this agreement in accordance with the procedures outlined in ISAC Rules. In addition, ISAC will withhold a claim payment on a loan pursuant to the requirements of 34 CFR Part 682.406, as amended.

(5) If the Lender no longer wishes to make the loans identified in paragraph (1) of this agreement, the Lender shall give ISAC 30 days advance written notice to amend or terminate this agreement (or 60 days advance written notice in the case of Lender -of-Last Resort Loans). Such amendment or termination shall not affect the guarantee of any loans made prior to such amendment or termination.

(6) The total unpaid principal amount of all consolidation loans made under this agreement may not exceed \$5,000,000, initially. The Lender may receive additional increments of lending authority provided an ISAC program review indicates that the Lender is complying with the legal authorities identified in paragraph (2) of this agreement. Consolidation loans may be made after the date of this agreement but no later than the last date authorized by the Higher Education Act of 1965, as amended.

(7) To the extent that issues are not specifically addressed by the Higher Education Act of 1965, as amended, and the corresponding federal regulations, this agreement shall be governed by the laws of the State of Illinois.

(8) This agreement supersedes all previous Lender agreements between ISAC and the Lender.

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

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

[PLEASE COMPLETE, SIGN AND DATE]



LENDER AGREEMENT

Lender Name	Contact	Person Name/Phone Number/ Fax and Email	
Street Address			
City/State	ZIP	Code	Lender Code

Whereas, the above-named Lender, wishes to make educational loans to postsecondary students, and/or their parents, and
 Whereas, the Illinois Student Assistance Commission (ISAC) desires to guarantee loans made by eligible lenders,
 Therefore, the Lender and ISAC hereby agree as follows:

(1) ISAC authorizes the Lender to make loans, guaranteed by ISAC, in the following programs:
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 Federal PLUS Loans, as authorized by Section 428B of the Higher Education Act of 1965, as amended.

Please indicate (by marking the line next to YES or NO below) if Lender is willing to make Lender-of -Last Resort Loans as authorized by Section 428(j) of the Higher Education Act of 1965, as amended for programs identified above (See Addendum to Lender Agreement for Lender of Last Resort for applicable programs). _____ YES _____ NO

Please indicate if Lender is willing to make Lender-of -Last Resort Loans **ONLY (Note: For Lenders who are ONLY willing to make Lender of Last Resort Loans, the Addendum to Lender Agreement for Lender of Last Resort requires a written explanation)**

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(7) To the extent that issues are not specifically addressed by the Higher Education Act of 1965, as amended, and the corresponding federal regulations, this agreement shall be governed by the laws of the State of Illinois.

(8) This agreement supersedes all previous Lender agreements between ISAC and the Lender.

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

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

[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

