



# NEWSLETTER

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## Law School Loans

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## Law School Loans Testimonials

**Aaron S. Los Angeles, CA says...**

"Law School Loans went above and beyond what a typical student loan company does for their borrowers. I consolidated my loans to assist my getting a home equity loan. The original loan holders were basically dragging their feet in releasing my loans to Law School Loans. The representative handling my consolidation put in additional work to get my loans released so that my home equity loan would go through. I appreciate the effort put forth by Law School Loans to help me with my finances."

## MAJOR LENDER EXITS FFEL PROGRAM

- CARINA ZARAGOZA

College Loan Corporation, the eighth-largest Federal Family Education Loan Program (FFELP) lender in the country, will exit the FFELP business on March 1, 2008.

The announcement came Thursday, January 31, 2008, in a statement made by the company's CEO, Cary Katz. He stated that "recent Congressional action has decimated the Federal Family Education Loan Program, essentially making it impossible for midsized companies like College Loan Corporation to participate in the federal loan marketplace. In addition, continuing disruptions in the credit markets have compounded the impact of the legislation."

College Loan Corporation will no longer issue new loans under the FFEL Program, including the popular Federal Stafford Loan and Federal Consolidation Loan. College Loan Corporation will now focus on the private loan sector.

College Loan Corporation is not the first lender to withdraw its business from the FFEL Program. Just one week prior, Nelnet announced it would no longer issue new consolidation loans. Michael S. Dunlap, Nelnet's chairman and chief executive officer, described the impetus for the decision: "The reduced economics of student loans created by the legislative changes and credit market disruption has forced us to make difficult decisions about our level of participation in the program." Nelnet withdrew from the federal consolidation business on January 23, 2008.

Both companies have been impacted by the College Cost Reduction and Access Act of 2007, which eliminated \$21 billion in federal subsidies to FFELP lenders. Coupled with the ongoing credit crisis in the country, many lenders have found it difficult to maintain profits and operations. Nelnet has been forced to cut jobs by 700 in the past few months alone.

College Loan Corporation, based in San Diego, CA, has been originating and consolidating loans since its founding in 1999 and was one of the most profitable lenders in the business, a remarkable feat for such a young company. However, in 2007, amidst the student loan probe spearheaded by New York Attorney General Andrew Cuomo, practices were made public that may have led to the company's profitability. College Loan Corporation settled on allegations that it misused financial aid counseling sessions to market its loans to students. It agreed to pay \$500,000 to the National Education Fund. In a similar settlement, Nelnet, based in Lincoln, NE, agreed to pay \$2 million to the fund.

Another San Diego-based company, Goal Financial, is no longer accepting applications for new loans.

## On the Net

Higher Education Washington Inc.  
[www.hewi.net](http://www.hewi.net)

Inside Higher Ed  
[www.insidehighered.com](http://www.insidehighered.com)



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## ENDOWMENTS OF SOME COLLEGES QUESTIONED

- CARINA ZARAGOZA

The leaders of the Senate Finance Committee wrote to 136 colleges around the country regarding the colleges' endowment funds. Senators Max Baucus (D-MT) and Charles Grassley (R-IA) asked colleges with endowments of \$500 million or more a series of questions about their endowments and spending on student aid. Their letter was made public in a press release dated Thursday, January 24, 2008.

Specifically, the senators are seeking to delve deep into the spending practices and governance of the colleges with the largest endowments. They are seeking data and analysis on how these colleges set tuition costs, administer financial aid, and manage their endowments.

Among the data sought by the senators:

- the number of students for the past 10 years both undergraduate and graduate
- the total cost of attendance for the past 10 years
- the total amount of tuition assistance given out for the past 10 years
- the year-by-year growth of endowments for the past 10 years
- how endowments are managed and the cost of this management

The inquiry was initiated by the Senate Finance Committee after a study was made on the endowments of colleges and universities nationwide. The study included twice as

many colleges as were sent letters from the senators and was conducted by the National Association of College and University Business Officers. Among the findings, the association concluded that endowments grew at double-digit rates while spending averaged just 4.6% in 2007. Many of the findings point to meager endowment spending but significant increases.

As necessary as such an inquiry may seem, some have criticized the senators' approach. More than 4,000 institutions are being left out of the investigation. Becky Timmons of the American Council on Education points out the skewed findings that will result from such an analysis. The senators have chosen to gather data from a few wealthy colleges rather than look at the entire spectrum of institutions and their endowments.

The senators have given the colleges 30 days to respond.

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Higher Education Washington Inc.  
[www.hewi.net](http://www.hewi.net)

Inside Higher Ed  
[www.insidehighered.com](http://www.insidehighered.com)

National Association of College and University Business Officers Endowment Study  
[www.nacubo.org/x2376.xml](http://www.nacubo.org/x2376.xml)

American Council on Education  
[www.acenet.edu](http://www.acenet.edu)



# NEWSLETTER

## NEWS IN BRIEF

### UCLA GETS CENTER ON CLIMATE CHANGE

Thanks to a donation and a matching-gift challenge, \$10 million will fund a new center for the University of California — Los Angeles School of Law. The donation was initiated by Dan Emmett, who is a real estate businessman in Santa Monica, CA. The center will focus on the environment and climate change. A law clinic and a law and policy program are the main foci as of now for the center.

### ST. MARY'S GETS THOUSANDS

Texas Attorney General Greg Abbott has given a generous donation to the St. Mary's University School of Law on behalf of the state. The money came from a lawsuit involving a local company. The company, Mark Nutritionals, claimed that its products would help people lose weight. The San Antonio-based company

had to donate a portion of its "consumers' funds" to a local university. St. Mary's will benefit by being able to expand its law clinic with more than \$100,000. In 2005, when the company filed for bankruptcy, the law schools at the University of Houston and Southern Methodist University also received money.

### ITUNES U HITS SUFFOLK LAW

Suffolk University Law School now joins six other law schools in the nation in using iTunes U. The program allows professors to upload digital content for students, including downloads, podcasts, and other resources subscribers can use. The program is being labeled "the campus that never sleeps." In the future students will even be able to watch events such as mock trial competitions. The University of Pennsylvania, the University of Arizona, Duke, Stanford, and New York University are also taking part in the program.

