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## **EduCap Praises Senate Committee Approval of Legislation to Strengthen and Reform Student Loan Program**

WASHINGTON – June 20, 2007 – EduCap, a leading provider of personal education loans, today endorsed legislation approved by the Senate Health, Education, Labor and Pensions Committee that includes reforms to strengthen student loan programs.

“This reform legislation benefits student borrowers by cracking down on abusive relationships between some lenders and school financial aid offices,” said George Pappas, Senior Vice President of EduCap. “Reforms are critically needed to ensure that schools and lenders cannot continue to enter into contracts that create less competition, higher costs and unnecessary burdens on student borrowers.”

Pappas added that he was pleased to see that the legislation requires comprehensive disclosure of contracts between lenders and schools, mandates broad disclosures by schools of so-called preferred lender agreements, and demands heightened disclosure of lending terms to borrowers.

Pappas said that EduCap would like to see the legislation strengthened on the Senate floor through amendments that would:

- Prohibit all contracts between lenders and schools.
- Broaden loan disclosure requirements.
- Require lenders to offer either federally subsidized or private loans and prohibit them from offering both.
- Ban opportunity pools.
- Prevent lenders from charging penalties to students who pay off a loan early or obtain lower-cost loans.

EduCap provides only non-government, direct-to-consumer personal education loans to students through the Loan to Learn program, which is designed to be a supplement to the Federal Direct Lending program and the Federal Family Education Loan program. EduCap does not participate in these federal loan programs, use any form of government subsidy or guarantee, or have contracts with schools.

“We applaud the committee’s bipartisan support for these needed reforms and the increased emphasis on providing more funds for needy students. We urge the full Senate to pass this legislation,” Pappas said.

### **About Loan to Learn**

Loan to Learn is a program of EduCap Inc. EduCap pioneered the non-government student loan industry in the late 1980s by putting its own capital at risk and launched the multi-billion dollar private education financing industry which harnesses market forces to provide the most competitive loans to students without a government guarantee or subsidy. EduCap has been a leading innovator for 20 years and its track record holds an impressive number of “firsts” in the student lending arena, including the first nationwide credit-based student loan program, the first student loan securitization in Wall

Street history, and the first program to provide access to affordable student loans as an employee benefit. For more information about Loan to Learn, please visit our Web site at [www.loantolearn.com](http://www.loantolearn.com).