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For Immediate Release

Illinois credit unions fill gap of \$100M in student loans

Naperville, IL., September 8, 2008 -- College students across the state will be the benefactors of more than \$100 million in student loans that has become available as a result of a critical financial commitment made by eight Illinois credit unions just in time for the 2008-09 academic year.

Credit unions are investing in securities issued by the Illinois Student Assistance Commission (ISAC), filling the void where other private lenders have stopped providing this critical financial support and caused many students considerable apprehension over finding affordable loans. The Stafford loans being offered to Illinois students as a result of the credit union/ISAC partnership will be easily available and offer students and their families several advantages, including lower interest rates, more favorable terms and recourse to resolving disputes. Interest on a government-guaranteed loan is between 6 and 6.8 percent; interest on a private loan can be as high as 18 percent.

"We are pleased to team up with ISAC and back their efforts to help students get a quality education," said Dan Plauda, president/chief executive officer of the Illinois Credit Union League (ICUL), the state association of credit unions. "Earning a college diploma is crucial and on top of all of the other pressures of attending college, students should not have to additionally worry about whether or not their loan will fall through."

The involvement of Illinois credit unions began after other financial institutions that previously backed ISAC informed the agency they would no longer provide funding for its loans, a trend that is being felt by similar agencies across the country. After scrambling to investigate alternative funding options, ISAC executive director, Andrew Davis, contacted the Illinois Credit Union League (ICUL) and an initial meeting was set to discuss the possibility of working together.

After meeting with Davis, ICUL determined that investing in the bonds would be permissible under applicable provisions of the Illinois Credit Union Act, an opinion in which the Illinois Department of Financial and Professional Regulation (IDFPR), the state agency that regulates credit unions, concurred.

ICUL then met with several of its credit unions to determine their interest in investing in ISAC securities, and they in turn committed the \$100.5 million. The credit unions that are stepping up to provide this essential investment support are:

- Alliant CU, Chicago
- Baxter CU, Vernon Hills
- CEFCU, Peoria
- Corporate America Family CU, Elgin
- Credit Union 1, Rantoul
- I.H. Mississippi Valley CU, Moline
- Motorola ECU, Schaumburg
- Scott CU, Collinsville

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A credit union is a not-for-profit financial cooperative that is owned by the members it serves. There are about 8,500 credit unions nationwide, counting more than 90 million consumers as members, and collectively hold about \$800 billion in assets. In Illinois, there are more than 430 credit unions with \$20.8 billion in assets, serving more than 2.7 million members.

With credit unions providing this significant financial backing, ISAC will be able to continue serving as a financial lifeline for thousands of college students throughout the state. Established in 1957 by the Illinois General Assembly via the Illinois State Scholarship Act, ISAC offers a range of scholarship and grant programs, and manages College Illinois!, the state's Section 529 pre-paid tuition program enacted into law in 1997. Each year, the agency annually awards in excess of \$1 billion to over 250,000 qualified applicants.

"When the global credit markets turned their backs on Illinois students, these eight credit unions stood tall," said Andrew Davis, ISAC Executive Director. "This deal is terrific news for Illinois students and their families, who have more important things to worry about as classes begin. They can rest assured that our commitment is to meet demand."

Students may inquire about federally-guaranteed loans at their financial aid offices or at ISAC's lending arm, the Illinois Designated Account Purchase Program (IDAPP): <http://www.idapp.com/borrowers/apply.htm>.

Financing for this agreement is subject to approval by the ISAC Commissioners at their September 19, 2008 Board meeting and by the boards of directors of the credit unions at their respective meetings.

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