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Since 1980, Indiana Secondary Market for Education Loans, Inc. (ISM Education Loans) has been Indiana's designated not-for-profit provider of student loan services as authorized in the Higher Education Act. Since its inception, ISM has worked to improve opportunities for access to postsecondary education in the State. ISM's mission is to encourage Hoosier students to participate in higher education by making it more affordable for Indiana families.

Borrower Benefits

Beginning in 2002, ISM initiated an effort to lower the cost of borrowing for higher education. Working with Indiana financial institutions, ISM began paying federal loan origination fees for students and offered a comparable benefit for parent borrowers. When coupled with a generous interest rate reduction during repayment, ISM offers Indiana students and families the ability to lower the cost of borrowing by thousands of dollars. For the 2007-2008 school year, ISM's borrower benefits are:

Stafford Borrowers:

In partnership with Indiana financial institutions, ISM pays the origination fee and the default fee on Federal Stafford (FFELP) education loans. If the guarantor pays the default fee on behalf of the student, ISM reduces the student's principal loan balance by 1% when they make their first on-time payment. ISM also offers students a 1% interest rate reduction during repayment if they agree to have payments automatically deducted from their bank account.

PLUS Borrowers:

Parent and graduate student borrowers receive a 3% reduction of their principal loan balance at the time the loan is fully disbursed. Parent and graduate student borrowers also receive a 1% interest rate reduction during repayment if the borrower agrees to have payments automatically deducted from their bank account.

Consolidation Borrowers:

Borrowers that consolidate with ISM receive an interest rate reduction of .35% if the borrower agrees to have payments automatically deducted from their bank account. They also receive a 1.25% interest rate reduction after making thirty on-time payments.

Borrower Benefits (cont.)

Additional Benefits:

Effective July 1, 2007, ISM will begin its “Second Chance Service,” which will give borrowers an opportunity to regain eligibility for repayment interest rate discounts by making six on-time payments and requesting reinstatement.

Also beginning July 1, 2007, ISM will defer payments and forgive interest which accrues on federal education loans owned and serviced by ISM for active duty members of the military and/or their spouses. The benefit will apply to any active duty service-member with Stafford, PLUS or consolidation loans owned and serviced by ISM. ISM will defer payments and write-off up to 60 months of interest which accrues during the period of active duty service and will extend the benefit to spouses of active duty service members, provided ISM owns and services the spouse’s loans. ISM intends to work with servicers of other loans it owns to extend the benefit to all borrowers. Service-members who qualify within two years from July 1, 2007 will be eligible to receive up to 60 months interest write-off and deferment of payments during periods of active duty service.

Personal Customer Service

When you call ISM Customer Service, a real person will answer. Telephone inquiries are answered within an average of seven seconds by a trained individual who is equipped to respond to the borrower’s questions. Our customer service staff is well-trained and is directed to stay on the phone with the borrower until all questions have been adequately addressed without regard to the length of the call. ISM regularly surveys other servicers to determine telephone response times, and the closest competitor provides human contact in over seventy seconds, or roughly ten times the amount of time ISM borrowers wait to talk to a staff person. In times of peak call volume, cross-trained individuals are brought into the answering loop to be certain that answer times do not deteriorate. We believe that problems are best solved by people talking to people.

SPEAK TO A PERSON
(UNDER 10 SEC.) **NOT A MACHINE!**





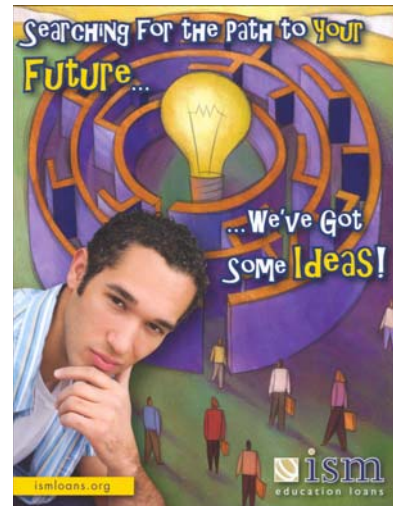
School and Community Outreach

Outreach Goal:

The ISM Outreach Team's goal is to help as many students get as much information about financial aid for college as possible. To reach this goal, we speak to guidance counselors at high schools, parents, and the students themselves about financial aid and planning for college. We work very closely with state agencies and professional organizations to get information out in every way possible.

Individual Outreach Efforts:

During the 2006-2007 school year, the ISM Outreach Team helped 185 high schools by providing college planning presentations and materials. Enrollment at these schools totaled over 175,000 students and covered 62 Indiana Counties. In the summer of 2006, ISM created a guide to help students with the sometimes difficult transition from high school to college. Guidance counselors across the state have directly distributed the guide, titled "Searching for the Path to your Future..." to thousands of students. The ISM Outreach Team also distributed the guide to students, parents and counselors to assist in the college planning process. In an effort to keep up with increased demand for the guide, ISM will release the second edition of "Searching for the Path to Your Future..." in the summer of 2007. ISM also plans to translate the guide into Spanish.



ISM continues to be a resource for students and families by making staff available to help a family or guidance counselor. During the 2006-2007 school year, many families contacted the Outreach Team directly for specific help.

The ISM Outreach Team attended many college fairs across the state. At these college fairs, materials with information on scholarships, grants and other sources of gift aid were made available, along with information on the federal work-study program, student loans, credit card debt and other college planning issues. Thousands of students and parents attended these events, which provided students with easy access to college information.

School and Community Outreach (cont.)

In Cooperation with ISFAA (Indiana Student Financial Aid Association):

ISM presented information at 27 high schools between December 2006 and February 2007 on behalf of ISFAA. These presentations explain the FAFSA (Free Application for Federal Student Aid) and much more. The ISM Outreach Team has two ISFAA Financial Aid Night Regional Coordinators as members. These Regional Coordinators are the main contact for counselors in seventeen counties when they are planning their financial aid nights.

ISM had ten volunteers for Indiana's College Goal Sunday, including a site coordinator and a presenter. ISM also sponsors the printing of posters announcing College Goal Sunday, which are placed in high schools across Indiana.

In Cooperation with the Governor's Office, the Indiana Commission for Higher Education and the Indiana Department of Education:

Each year ISM has provided substantial funding for state initiatives such as an automated transcript system (\$1 million), known as E-transcript, as well as a number of science, technology, engineering and mathematics projects (\$1.5 million) at high schools and colleges designed to better prepare students for life.

Consolidation Services

In early 2007, ISM released the website www.professorfact.org. Professor Fact helps borrowers determine if loan consolidation is right for them. Using the consolidation calculator, the borrower can see how much they can save both on their monthly payments and how much more they can save if they take advantage of ISM's consolidation benefits. Professor Fact can also connect borrowers to one of ISM's Loan Consolidation Specialists to help answer any questions they have.



PROFESSORFACT.org

