



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

February 2, 2004

MEMORADUM

To: Financial Aid Officers
Business Officers

From: Fred Williams
Executive Vice President and Chief Operating Officer

Subject: Credit Checks

In 2000, the North Carolina State Educational Assistance Authority and College Foundation, Incorporated (CFI), in an effort to help decrease cohort default rates, offered colleges the ability to request credit checks for student applicants for federal loans. CFI has since determined that a system wide request applying to all colleges rather than a college-by-college request will keep them in compliance with the Department of Education regulations for lenders. Therefore, upon recommendation of the Executive Committee of the Presidents' Association to campus Presidents, the System Office has asked CFI to conduct credit checks on all applications for loans under the Federal Family Education Loan (FFEL) program. This process is effective February 2, 2004.

Please note that this process is intended as a default rate management tool for NC Community Colleges. Colleges may still utilize other lenders, may choose to not participate in the FFEL program or may continue to refer students to alternative loan programs that are not federally guaranteed and therefore do not affect the institution's default rate with the Title IV program.

For additional information, please contact Ken Whitehurst at 919-807-7098.

cc: Presidents
Student Development Administrators
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CC04-020