

Hurst, Bev

From: Hurst, Bev on behalf of Burgdorf, Barry D.
Sent: Monday, April 16, 2007 1:31 PM
To: GRP-Presidents and Assistants; GRP-Chief Business Officers
Cc:

Subject:

As you are no doubt aware from recent news reports, a nationwide investigation of the student loan industry widens almost daily. As you may also know, the Chairman of the Board of Regents and the Chancellor have asked me to conduct a comprehensive review of UT System's practices and procedures employed by campus student financial aid and financial services offices. You will soon receive from me a comprehensive set of requests for documents and inquiries necessary to complete the review.

I want to stress that as of the writing of this communication, with the exception of one very specific allegation relating to one individual, I am not aware of any allegations of impropriety within the UT System. Nevertheless, it is important to take a couple of prudent steps pending the completion of my full review. Many of the early allegations against the student loan industry focus on (1) the creation and maintenance of preferred lender lists by colleges and universities and inappropriate influence on that process by student lenders; and (2) revenue-sharing, sponsorship, endorsement, and similar arrangements between student lenders and universities that result in payments from student lenders to universities and/or university student financial services office staff.

With regard to (1), because a full and complete review will be necessary to verify the purity of UT System preferred lender lists, UT System Administration is asking that you take steps reasonably necessary to immediately cease and desist use of all preferred lender lists, including, but not limited to, the removal of such lists from websites and ceasing further dissemination of such lists to students. The suspension of the use of preferred lender lists does not necessarily imply we will recommend permanent discontinuance of preferred lender lists for UT System institutions. Also, if your student financial services offices deem it in the best interests of the students they serve, they may reference or link to lender lists maintained by Texas Guaranteed Student Loan Corporation or post a list compiled with reference to purely objective factual matters, such as the Top 50 student lenders by volume on your campus.

With regard to (2), I ask that you quickly canvass your office of student financial services and report to me any and all, or the absence of any, arrangements with student lenders that result in payments of monies, commissions, rebates, or the like to your institution or which result in any benefits to student financial services office staff, such as paid travel and perks related to advisory board service, etc. Again, I am not aware that any such arrangements exist, but I want to promptly understand UT System's practices with regard to such allegations.

Thank you in advance for your time and cooperation. If you have any questions, please do not hesitate to contact me directly.

Sincerely,

Barry D. Burgdorf

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