



August 5, 2011

James I. Avett, III
President & CEO
College Foundation Inc. (CFI)
2917 Highwoods Blvd
Raleigh, NC 27604

UPS Tracking # 1ZA5467Y0193005001

RE: Final Program Review Determination
OPE ID/LID: 834479 and 807037
PRCN: 20113065003

Dear Mr. Avett:

From June 20 through June 24, 2011 a team of reviewers conducted a review of College Foundation Inc.'s (CFI) administration of the Federal Family Education Loan (FFEL) program pursuant to Title IV, Part B of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. §1071, et seq. Final determinations have been made concerning any issues identified during the program review.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of said liabilities to the Department, and (3) to close the review.

During the review, no findings were identified.

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Ben McPherson at (404) 974-9310 or Ben.McPherson@ed.gov.

Sincerely,

A handwritten signature in blue ink that reads "Cynthia Grooms".

Cynthia Grooms
Team Leader- FIOS-Southern Division

Enclosures

cc: Dr. Steven Brooks, Executive Director
North Carolina State Education Assistance Authority

Federal Student Aid / Financial Institution Division-Southern
1999 Bryan Street, Suite 1610, Dallas, TX 75201-6817
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Prepared for
College Foundation Inc. (CFI)
LID 834479 and 807037
PRCN 20113065003

Prepared by
U.S. Department of Education
Federal Student Aid
Financial Institution Oversight Service – Southern Division

FINAL PROGRAM REVIEW DETERMINATION

August 5, 2011

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A. Institutional Information

LID Numbers: 844479 and 807037

Program Review Control Number (PRCN): 20113065003

Name and Address:

College Foundation Inc. (CFI)
2917 Highwoods Blvd
Raleigh, NC 27604

Dates of Review: June 20, 2011 through June 24, 2011

Review Period: July 1, 2005 through June 30, 2010

Institutional Information:

Year began participation in the FFEL Program: 1966

Guarantor: North Carolina State Education Assistance Authority

Loan Programs: Federal Subsidized Stafford, Federal Unsubsidized Stafford, Federal Nonsubsidized Stafford, Federal Consolidation, Federal Supplemental (SLS), Federal PLUS

Total FFEL Program portfolio as of June 30, 2010: \$4,277,465,110

Previous FIOS review: February 19, 2008

Previous GA review: NCSEAA-December 1, 2003

Background Information:

College Foundation Inc. (CFI) is a nonprofit corporation that was chartered in 1955 by the Governor of North Carolina under chapter 55A of the General Statutes of North Carolina for the purpose of assisting students in defraying their education expenses in attending eligible educational institutions. CFI has served as an eligible lender pursuant to Section 435(d)(1)(D) of the Higher Education Act since enactment. As of June 30, 2010, the total of FFELP loans was \$4,277,465,110 and the total for all loan types was \$4,507,353,621.

CFI uses the NELNET 5280 Solution Student Loan Servicing software (formerly Idaho Financial Associates).

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at College Foundation Inc. (CFI) from June 20, 2011 through June 24, 2011. The period reviewed was July 1, 2005 through June 30, 2010.

The focus of the review was to evaluate CFI's compliance with the statutes and federal regulations as they pertain to the agency's administration of the Federal Family Education Loan (FFEL) Program. The review included the following areas:

- Compliance with Federal regulations regarding disbursements, conversion to repayment, payment application, deferments, forbearance, collection due diligence, claims, consolidations, purchases / sales / transfers, income based repayment, including related payments of lender and origination fees, and billings of interest and special allowance
- Credit bureau reporting
- Reconciliation of *Lender's Interest and Special Allowance Report (LaRS)* to general ledger
- Reporting to guaranty agency
- Management of data security and disaster recovery

Samples of files were identified for review. The files were selected randomly from a statistical sample of the following populations:

- Loans originated
- Loans converting to repayment
- Loans with payments applied to the account
- Loans that went into or out of deferment
- Loans that were purchased, sold or transferred
- Loans that were consolidated
- Loans that were subject to income based repayment

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in this report concerning CFI's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those practices and procedures. Furthermore, it does not relieve CFI of its obligation to comply with all of the statutory and regulatory provisions governing the Federal Family Education Loan Programs.

This report reflects final findings and details the Department's final determination based upon the response and corrective actions completed by the CFI. Any additional requirements are noted in the final determination.

C. Final Determinations

The review identified no findings and no further actions are required.

D. Conclusion

This review is now considered closed.