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May 27, 2008

Sheila Stearns, Commissioner
Office of the Commissioner of Higher Education
PO Box 203201
Helena, MT 59620-3201

Dear Commissioner Stearns:

The purpose of this letter is to respond to your letter to myself dated May 7, 2008. In this letter you provided SAF with a report including recommendations of the Board of Regents Task Force on Student Loans dated March 2008 and asked the SAF Board to review the report and provide any and all comments or suggestions relative to it.

It is SAF's understanding that the Task Force was charged with developing recommendations on the following specific topics:

1. MHESAC governance and accountability issues relative to MHESAC bond activity;
2. A process for monitoring and making policy adjustments relative to changes in student loan programs and financing issues at the federal level, in accordance with revised federal laws and the Montana Attorney General's report on student loans; and
3. Improvements in communications between the Regents, the Montana executive and legislative branches, and the SAF and MHESAC boards of directors.

SAF applauds the efforts of the Board of Regents to look at these matters. SAF certainly supports the general cooperation of all parties involved in this effort and looks forward to an expanded cooperative relationship in the future.

Enclosed you will find the response of SAF to the matters directed to it that are contained in the report. As you can see strong mutual concurrence exists on most of the issues and recommendations. In general SAF has implemented many of the recommendations directed to it within the normal conduct of its business. Other recommendations appear to require additional understanding. To that end, the SAF Chair, Vice-Chair and Senior Executive requests a face-to-face meeting with the Board of Regents Chair, Vice-Chair and Senior Executive to discuss the recommendations contained within the report directed to SAF and SAF's responses to the recommendations. It is SAF's expectation that such a meeting would result in mutual understandings that serve the interests of all parties impacted.

Following such meeting SAF would expect to make any further necessary and appropriate policy changes to its normal business practices for items where mutual

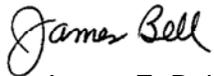
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concurrence exists. We anticipate that the Board of Regents, MHESAC and the Governor's office will do the same for items requiring action or changes in policy or procedure on their part. In addition, it is the intent of SAF in its role as MHESAC's business manager to carry out recommendations directed to MHESAC as requested by MHESAC.

Thank you again for your leadership on this matter and for your service to Montana citizens. We look forward to on-going discussion of this matter and to cooperative implementation of the final recommendations of the Task Force.

Sincerely,



James E. Bell
Chairman of the Board
Student Assistance Foundation

Enclosure

C: SAF Board
MHESAC Board
James Stipcich
Governor Brian Schweitzer
Board of Regents Task Force
Board of Regents
David Ewer, Budget Director
Jan Lombardi, Policy Advisor for Education
Bruce Nelson, Chief of Staff