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Silver Sword Brokers FFELP Loan Portfolio Sale

Firm leverages extensive partner network to link loan package seller with qualified buyer

NEWTON, Mass.—Silver Sword Capital Partners announced today that it has brokered the sale of a large portfolio of federally-backed student loans for one of the largest regional banks in the Western United States.

The transaction reflects the growing need for a broad range of financial institutions to manage and/or dispose of student loans more efficiently and effectively. The need is especially critical lately, in light of increasingly strict regulatory oversight and the federal government's aims to take back control of federal loans from private institutions.

"Many large financial institutions are looking to streamline their offerings and remove certain loans from their books," said Mike Mallowney, a Silver Sword partner. "Others are concerned with the lengthy payment terms of typical student loans, as well as students' relatively thin credit profiles. At the same time, regulations and monitoring are increasing, and the government is looking to take over these programs."

These concerns, combined with other dramatic changes in the student lending market, have led numerous banks to reach out to Silver Sword for help with portfolio disposition, especially with Federal Family Education Loan Program products, he said.

"The marketplace is beginning to recognize Silver Sword's ability to optimize our broad client and partner networks and link selling organizations with potential buyers. Of course, we are pleased to add loan brokering to the full range of front-to-back services we provide to lending organizations all over the U.S.," he added.

Silver Sword's primary capability is facilitating student loan programs for banks and institutions. Thanks to the firm's extensive network of partners, these organizations can offer their products to customers all over the country, without assuming any credit risk. Silver Sword also helps institutions acquire and dispose of loans. Despite recent turmoil in the banking industry, demand for these services remains strong.

"Ongoing credit sector tension is increasing the need for innovative student loan products," Mallowney said. "We field calls every week from banks, credit unions and other financial institutions looking for ways to accommodate this tremendous demand."