

Dear Colleague:

Based on information from our National Student Loan Data System (NSLDS), we note that almost all of the Federal Family Education Loans (FFEL) Program loans made for students attending your institution during the 2006-2007 academic year were made by one FFEL lender. This letter is to remind you that the statutory and regulatory provisions governing the FFEL Program allow the borrower to choose their FFEL lender and prohibit a school from refusing to certify a FFEL loan based upon the borrower's choice of lender or guaranty agency or coercing, directly or indirectly, a borrower to choose a specific lender. This prohibition applies to all schools; including schools that are FFEL lenders or that participate in an eligible lender trustee relationship with an eligible lender.

On March 29, 2007, we posted to our Information for Financial Aid Professionals (IFAP) website (www.ifap.ed.gov) a Dear Colleague Letter (DCL GEN-07-01, FP-07-0) that specifically reminded schools of their obligation to certify a FFEL loan regardless of the lender requested by the borrower. We strongly recommend that you review that Dear Colleague Letter as well as your institution's FFEL loan certification procedures and consumer information to ensure compliance with the FFEL Program rules. A school's failure to comply with the statutory and regulatory requirement that it certify a loan without regard to the borrower's choice of lender or guaranty agency may result in the Department imposing a fine or taking other administrative actions, as appropriate.

We have enclosed a copy of the Dear Colleague letter for your reference. If you have any questions regarding this letter and the rules for loan certification, please contact your designated School Participation Team.

Sincerely,

Victoria Edwards
Chief Compliance Officer
Program Compliance

Enclosure