

May 2006

for school administrators on issues affecting the financial aid community

access update

Our Mission . . .

to provide education financing to the broadest range of eligible students, positively influence education financing practices, and provide services valued by students and schools.

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AccessGroup.Org
Federal Stafford Loan
and Federal PLUS Loan
Lender Code: 808851

If you have questions regarding this or any other publication provided by Access Group, call 800-227-2151, Monday through Friday, 9 a.m. to 8 p.m. ET.

To subscribe to an electronic version of this newsletter, send your name and your school's name to accessupdate@accessgroup.org.

Access Group Now Accepting 2006 – 2007 Loan Applications

Access Group systems are ready for the new processing year and are accepting applications online, by phone, and on paper for Federal Stafford Loans and our private loans. We are also accepting online applications for our new Graduate PLUS Loans.

Our new printed materials for 2006 – 07 are also ready and waiting for your order at www.accessgroup.org/materials:

- Federal and private loan applications with wraps (consumer information)
- All loan program brochures, including a new brochure highlighting our Graduate PLUS Loans and a general brochure featuring our private and federal loans including PLUS, and discipline-specific loan program brochures
- Our entrance counseling booklet, "As You Enter Graduate School ... A Guide to Managing Student Loans" has been updated to reflect recent legislative changes and includes information on Federal Graduate PLUS Loans.

Access Group loan applications and all related correspondence should be sent to:

Access Group, Inc.
P.O. Box 17162
Wilmington, DE 19850-7162

Reminder: Schools using Texas Guaranteed Student Loan Corporation (TG) use a different post office box number and zip code:

Access Group, Inc.
P.O. Box 7440
Wilmington, DE 19803-7440

Memorial Day Closing

Access Group offices will be closed on Monday, May 29, in observance of Memorial Day. Our Voice Response System will continue to be in service, as will eAccess, Account Access, and Loan OnLine at our Web site.

Also in this issue:

- Consolidation Corner
- Conference 2006
- Workshop Recap: Capitalization
- School Services Spotlight

Consolidation Corner

Now Appearing on a Screen Near You ...

With the consolidation season underway, Access Group is pleased to direct you and your students to two informative federal loan consolidation presentations in streaming video.

Visit the home page of *FederalConsolidation.Org*, click "Video Format" for the presentation titles and links:

- "Borrowers Currently in School"
- "Borrowers Expecting to Graduate This Spring or Currently Out of School"

These original presentations were videotaped for students and staff at the University of California – San Francisco (UCSF) by Access Group's Jeff Hanson, Director of Borrower Education Services. We are pleased to be able to offer these instructional tools to all of our borrowers and school customers in cooperation with UCSF.

July 1 is right around the corner!

Interest rates are expected to rise on July 1, 2006, so graduating students should apply now for a Federal Consolidation Loan to lock in today's low variable rates on their fully disbursed Federal Stafford Direct Loans. Direct these students to *FederalConsolidation.Org* for an online application, as well as FAQs, online calculators, and more to help them understand the benefits of federal loan consolidation.

In-school consolidation will no longer be permitted after June 30, 2006. Students who plan to consolidate while still in

school must make sure that BOTH their Federal Consolidation Loan application and the requests to have the loans they are consolidating placed in repayment are received by the appropriate lenders before July 1, 2006. Direct these students to *FederalConsolidation.Org* for more details about the process for in-school consolidation.

Count on our Consolidation Calculators

Just a reminder that Access Group offers two federal loan consolidation calculators at *FederalConsolidation.Org*:

The **Weighted Interest Rate** calculator can be used to:

- Calculate the total amount being consolidated
- Calculate the weighted average interest rate, rounded up to the nearest 1/8th percent

The **Repayment and Payment Incentive** calculator can be used to:

- Calculate the estimated monthly payment and total pay-off for a Federal Consolidation Loan from Access Group using the standard payment option
- Show the financial benefits of each Access Group payment incentive on the total amount being consolidated
- Show the combined financial benefits of payment incentives on the total amount being consolidated

In addition, borrowers can still use our Federal Student Loan Repayment calculator to estimate what their Federal Stafford Loan payments would be without consolidation and compare these results with the consolidation calculator figures.

Conference 2006 Update

If you've attended before, you already know that Access Group's Graduate and Professional Financial Aid Conference is one of the premier learning venues for industry professionals.

If you've never attended the conference, find out why your peers use this forum for sharing ideas, networking, and more. Plan now to join us at our 2006 conference scheduled for November 16 — November 19 at The Ritz-Carlton, Amelia Island, Florida.

Guest speakers

This year's Planning Committee is pleased to announce these thought-provoking guest presenters:

- Keynote speaker: Tom Morris, author, nationally known motivational speaker, and founder of Morris Institute for Human Values
- Paul Begala, CNN's *Crossfire*
- Terry Savage, nationally recognized financial authority with *Chicago Sun Times* and television personality

Concurrent sessions

As always, conference registrants will have the opportunity to learn, network, and share information through participation in insightful general sessions and targeted concurrent sessions. Some of the sessions being offered are those you've suggested, such as:

- LRAPs (Loan Repayment Assistance Programs): Creating and monitoring these important programs
- Debt management for students
- Immigration/international student funding
- Graduate PLUS Loans
- Technology and its effect on interpersonal communication
- And many more!

Watch for more 2006 conference updates to come.

Workshop Recap: Interest Capitalization Policy for Federal Loans

The capitalization of accrued interest can be a confusing subject, even to financial aid professionals who have years of experience in the field. This topic was discussed by Access Group staff at our spring workshops, and this article will review our capitalization policy for those unable to attend those sessions.

Access Group will postpone the capitalization of interest on our federal loans until immediately before the borrower enters “active” repayment and is required to start making payments for the first time.

This means that for a borrower with a Federal Stafford Loan who goes directly from the grace period into a deferment or forbearance, the interest will continue to accrue as simple interest. This also applies to borrowers with an in-school Federal Consolidation Loan or a Grad PLUS loan, who have an in-school deferment and who then immediately after leaving school go directly into another type of deferment or forbearance.

All forbearances and deferment types qualify, provided they cover the period(s) prior to entering an actual state of repayment.

The primary intent of this policy is to assist medical and dental students so they can avoid the accrual of “interest on their interest” while in extended residencies. For example, at the end of her grace period, a medical student immediately enters an economic hardship deferment for three years and then a one-year residency forbearance. At the end of her one-year residency forbearance, she finally enters “active” repayment; only then will all of the accrued interest capitalize.

However, this policy will also benefit other borrowers, such as Grad PLUS students who request a six-month forbearance after graduation to align PLUS and Stafford entry into repayment.

As a reminder, this policy does not apply to our private loans. Instead, medical or dental students who enter a residency immediately after graduation (i.e., within nine months) remain in the “interim period” as though they were still in school. The interim period extends up to nine months following the residency, with a maximum of 57 months after graduation for medical students and 45 months for dental students. Only after the interim period, when the loan finally enters repayment, is the interest on a private loan capitalized.

Please note: It remains the borrower’s responsibility to ensure that the loan servicer is aware of his or her eligibility for the qualifying deferment or forbearance and to submit the documentation required to be placed in the correct status.

In addition, once a borrower has entered active repayment, either directly after the expiration of the grace period or after a period of continuous deferment and/or forbearance, if that borrower later enters into a deferment or forbearance, interest will be capitalized at the end of each period of deferment/forbearance.

Additional questions? Please call your Internal Account Executive.

TG e-sign Now Live for Stafford Loans

Access Group, working with Texas Guaranteed Student Loan Corporation (TG), has successfully implemented the unique e-signature process for borrowers who apply for Federal Stafford Loans through TG’s “Loans by Web.” Our systems are also ready to accommodate the e-signature process for TG’s Graduate PLUS Loans when it is available.

Now! Another privacy provision for borrowers

Protecting borrowers’ privacy is an important aspect of Access Group’s business, and we’ve recently installed a new function to protect borrower Social Security numbers. Now, on all checks we disburse for Federal Stafford Loans, PLUS Loans, and Access Group private loans, the Social Security number does not appear in full. Instead, the number is truncated so that only the last four digits are printed, for example, as xxx-xx-1234.

For the purposes of your financial aid office, however, Social Security numbers will still be printed in full and in all formats on the rosters sent to the school.



Pam House

School Services Spotlight

You'd think Pam House, Access Group Account Executive and die-hard Elvis fan, would have been "all shook up" by the news that her husband Bill had been offered a job on the East Coast when neither of them had ever lived anywhere but Texas. But when the offer came, they thought, "it's now or never."

"It was hard because my parents depended on us a lot, but it has been great," says Pam of their move to Delaware County, PA. Leaving their farm and a large extended family behind, Pam says she and Bill have more time to do things together,

without the pressure of taking care of so many others. "It's been a really neat change. It's almost like being on our honeymoon again."

If possible, Pam's southern twang becomes even more defined when she talks about life in Texas, including "Dog," an Australian cattle working dog who stayed in Texas with her family because she's not the one who got transferred. She also likes to talk about a calf she raised from infancy who "would moo at me like he was callin' his mama," and of course, her seven children and five precious grand-babies. (And believe it or not, there are three sets of twins in that crew!)

After settling into their new home, Pam decided a new job was also in order. Having been in the brokerage industry for 28 years, she wanted something different, and had a special interest in working with students. "I wanted to work with college kids because I love the collegial environment," says Pam.

While she didn't end up at a university, she thinks she instead ended up in the best place possible — Access Group. "After my second interview, when HR called to offer me the job, I thought 'pinch me' — it can't get any better than this."

And although Pam is still learning the ropes, she loves her interaction with school representatives in SWASFAA and helping them steer (no pun intended) through the world of graduate and professional lending. "I love what I'm doing. I love the people. And this way, I'm still helping those college kids I love so much!"

With new roots firmly planted, Pam and her husband enjoy traveling and seeing the sights with a "burning love" that's been re-ignited.

Ask Pam about what she saw when she climbed a tree outside Graceland at the age of 21.

June Meetings

You'll find Access Group staff at these events:

May 31 - June 1	Ohio Association of Student Financial Aid Administrators Spring Conference	Huron, OH
May 31 - June 3	Law School Admissions Council Annual Meeting and Educational Conference	Toronto, Canada
June 5 - 7	NCHELP Spring Convention	St. Petersburg, FL
June 7 - 9	Florida Association of Financial Aid Administrators Spring Conference	Fort Myers, FL
June 7 - 10	National Association of Pre-Law Advisors Annual Conference	Arlington, VA

3-Month LIBOR for Second Quarter 2006

The current index effective for April, May, and June 2006 is 4.823%.

The interest rate charged on a borrower's private loan from Access Group will equal this index rate plus the percentage spread applicable to the loan.

Reminder: The effective 3-month LIBOR rate is always available in the "Loan Terms" section of *AccessGroup.Org*. Also on our Web site is information about LIBOR, which includes a 10-year comparative history of LIBOR, Prime, and T-bill rates. And our Interest Rate Comparison Calculator also helps students determine the lowest interest rate when comparing rates based on different indexes. Try it for yourself at www.accessgroup.org/calculators/rate.htm.

Federal Stafford Loan Interest Rates

Federal Stafford Loans borrowed on or after July 1, 1998, will have the following rates in effect from July 1, 2005 to June 30, 2006:

- In school, grace, deferment: 91-day T-bill (3.00%) + 1.7% = 4.70%
- In repayment, forbearance: 91-day T-bill (3.00%) + 2.3% = 5.30%
- Maximum rate = 8.25%