

September 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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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.

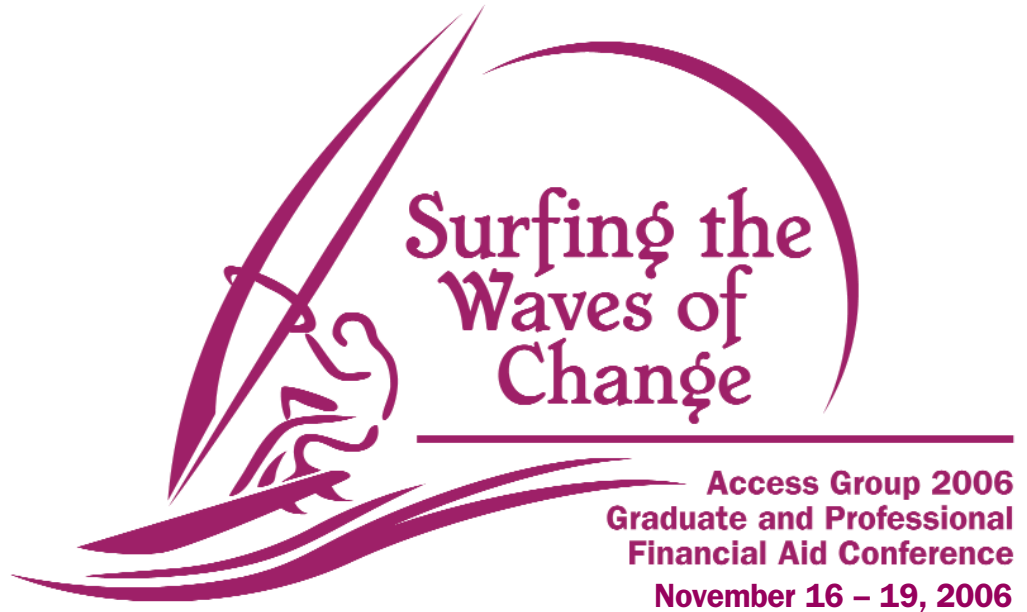
To subscribe to an electronic version of this newsletter, send your name and your school's name to accessupdate@accessgroup.org.

Don't Wait! Space Is Limited

Register **today** for Access Group's 2006 Graduate and Professional Financial Aid Conference, November 16 – 19, 2006. Registration is now in progress and space is filling up fast for this worthwhile event.

Conference fees cover hotel lodging, conference meals, all conference sessions, events, and materials. Be sure to check the conference Web site for new and updated information concerning sessions and schedules. For more details, go to accessgroup.org/conf2006.

Surf's up! See you in Florida.



Also in this issue:

- Loan Processing Updates
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Loan Processing Updates

- **Reference Guide Correction**

Thanks to one of our alert schools, we have discovered an error in Chapter 5 (Disbursements) of the new *Quick Reference Guide*. In describing returning fees and interest when a loan is cancelled, the Guide incorrectly states that the PLUS loan origination fee is not refunded when a school returns loan funds and indicates that the loan has been consummated. In fact, this fee is returned, in full if the whole loan is cancelled, and prorated if only a portion of the loan is cancelled. We sincerely apologize for the error and for any concern this may have caused.

We have updated the PDF of Chapter 5 in the online *Quick Reference Guide*. Go to the Financial Aid Administrator's section of *AccessGroup.Org* and click the link for Reference Guide. You will need your eAccess login and password to view the Guide.

- **New Study Abroad Disbursement Request Form**

Access Group has revised its Study Abroad Disbursement Request Form to comply with provisions of the Higher Education Reconciliation Act of 2006. These provisions permit a student to request direct disbursement of his/her loan funds from the lender. The lender, if so requested, must verify the student's enrollment before making a direct disbursement to the student.

In accordance with new federal guidelines, the new Study Abroad Disbursement Request Form may be used for only one disbursement and one loan type. If a student needs more than one disbursement, the school financial aid staff needs to complete a separate form for each disbursement.

For students who request study abroad disbursements for more than one loan type, the school will need to complete separate Study Abroad Disbursement Request Forms for each. And, because the form must be processed through the school, Access Group will no longer provide these forms directly to students.

You can order these new forms at our Web site in the Financial Aid Administrators section, or your Account Executive can have a supply sent to you.

- **Interest Capitalization Policy for Federal Loans**

For new loans first disbursed on or after July 1, 2006, Access Group will postpone the capitalization of interest on these federal loans until immediately before the borrower enters "active" repayment and is required to start making payments for the first time.

So for a Federal Stafford Loan borrower who goes directly from the grace period into a deferment or forbearance, the interest will continue to accrue as simple interest until the first payment is required after the end of the deferment/forbearance. This policy also applies to in-school borrowers with a Federal Consolidation Loan or a Graduate PLUS Loan who have an in-school deferment and who, immediately after leaving school, go directly into another type of deferment or forbearance.

All forbearances and deferment types qualify, provided they cover the period prior to active repayment when scheduled payments are required for the first time. 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.

(For more information, refer to our *Quick Reference Guide*, Chapter 2, page 26.)

Federal PLUS Loans

Effective immediately for PLUS loan borrowers originally approved on their own (without an endorser), Access Group is able to accept PLUS loan increases up to 180 days from the date of the initial credit inquiry without the need for another credit check.

Access Group Offers Free WiseBorrower® Materials for Your Students

The cost of higher education continues to grow, and more students are finding it necessary to borrow increasing amounts to pay their education expenses. Like you, Access Group wants your students to succeed in their education, their careers, and their financial futures. That's why we've developed a number of handouts as part of our WiseBorrower Education Services that you can distribute to your students to help them understand their education loans and succeed in repaying them.

These printed materials are free to schools and can be ordered through your Account Executive or online in the Financial Aid Administrators section of AccessGroup.Org.

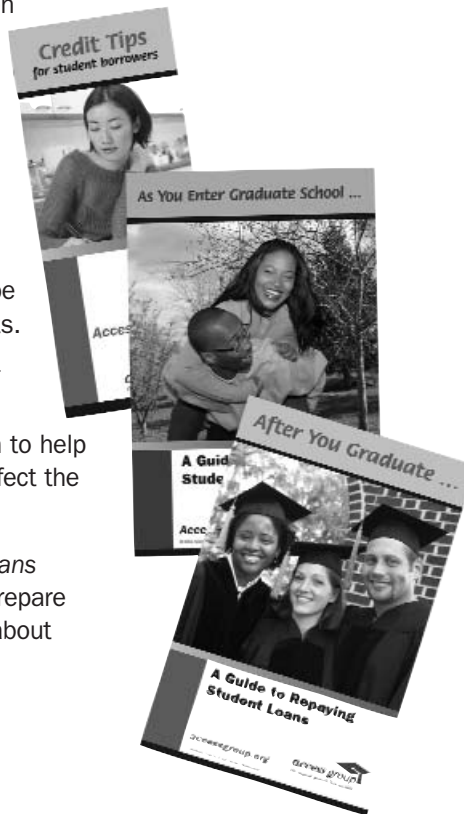
- Credit Card ABCs/Tip Chart**
This wallet-sized plastic card has important reminders about wise use of credit cards and information on where to get help if credit card debt is unmanageable. It also has a handy "Tip Chart" on the reverse side that can be used to calculate a gratuity.
- How Much Does That Latte Really Cost?**
This one-page handout illustrates that inexpensive purchases made on borrowed funds, like a daily latte or buying lunch at school every day, can add up and have an impact when it comes time to repay student loans. To remind students of this fact, the handout even includes self-adhesive stickers to place on credit and debit cards!
- Credit Tips for Student Borrowers**
This brochure stresses the importance of maintaining a healthy credit history. It includes information on topics such as identity theft, credit scoring, and credit resources – and it fits in a standard business envelope for ease of mailing to current and prospective students.
- As You Enter Graduate School . . . A Guide to Managing Student Loans**
This entrance counseling booklet contains information to help students understand their education loans and the effect the loans may have on their financial future.
- After You Graduate . . . A Guide to Repaying Student Loans**
This exit counseling booklet contains information to prepare students for successful loan repayment, with details about repayment and out-of-school budgeting planning.



Hang It in Your Office

By now you should have received Access Group's 2006-2007 WiseBorrower® Calendar.

Please post it in a visible place where students can see it and perhaps glean a timely tip or two. If you wish, you may order more calendars through your internal Account Executive.





Martin Hernandez

School Services Spotlight

Martin Hernandez, External Account Executive for the SWASFAA Region, knows his customers as well as he knows his hot sauce!

“The best part about this job is having the ability to present the best loan programs to customers who have become my friends all over the region,” says Martin. “Because I work with my customers regularly, and know them so well, I want to do a good job for them. I want their students to have the best education financing available.”

Martin came to Access Group in February 2006 after serving as Assistant Director at the University of North Texas Health Science Center in Fort Worth. The people and professionalism of Access Group are what appealed to him most. “Access Group staff is of exceptional quality, mission-driven, and personable,” says Martin. “They do their jobs honestly and with sincere interest in what’s best for students.”

Martin likes his food and Access Group’s loan programs with a little extra zest. “The loan programs Access Group offers are top of the line and keep evolving to meet the changing needs of students in a variety of graduate programs,” he says.

Along with his passion for pleasing customers, Martin also has a passion for hot sauce. “I have collected about 50 bottles of different kinds of hot sauce from all over the country,” says Martin. “I like a little extra pizzaz on most food.”

Hot sauce isn’t just a food enhancer to Martin, he also knows a lot about different kinds of peppers and the different flavors of hot sauce. “Once you eat enough hot sauce and dull your taste buds a bit, you’ll notice that hot sauce is actually very sweet.”

Not willing to burn out your taste buds on hot sauce even if it’s a good source of Vitamin C? Martin suggests that beginners, who may be timid about too much heat all at once, start off with a mild chipotle sauce.

Want to know more about Martin Hernandez? Ask him about his favorite hot sauce snack!

3-Month LIBOR for Third Quarter 2006

The current index effective for July, August, and September 2006 is 5.238%.

The interest rate charged on a borrower’s private loan from Access Group will equal this index rate plus the per annum percentage margin applicable to the loan.

Reminder: The effective 3-month LIBOR rate is always available by clicking on “Interest Rates” from the home page 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 using the “Calculators” link from our home page.

Federal Loan Interest Rates

First disbursed on or after July 1, 2006:

- Federal Stafford Loans = 6.8%
- Federal PLUS Loans = 8.5%

First disbursed on or after July 1, 1998 and through June 30, 2006:

Federal Stafford Loans:

- In school, grace, deferment:
91-day T-bill (4.84%)
+ 1.7% = 6.54%
- In repayment, forbearance:
91-day T-bill (4.84%)
+ 2.3% = 7.14%

Federal PLUS Loans:

- 91-day T-bill (4.84%)
+ 3.1% = 7.94%