

Sonny Perdue  
GOVERNOR



Timothy A. Connell  
PRESIDENT

May 1, 2008

Dear Financial Aid Community:

Earlier this year, the Georgia Student Finance Commission reaffirmed its commitment to promoting and increasing access to education beyond high school for all Georgians. As you will recall, we pledged then, and we maintain that pledge today, that, in an open and competitive market environment, our lender, GSFA and our guarantor, GHEAC, would offer to every student, at every school, the best loan products and services possible.

Continued economic challenges and turmoil in the student loan industry are creating new and additional threats in student loan capital markets. As such we know that many lenders are no longer able to offer the same level of borrower benefits they once were, and many lenders have chosen to exit the student loan market.

Therefore, in an effort to promote market stability and open and competitive loan products within Georgia, the Georgia Higher Education Assistance Corporation (GHEAC) is pleased to announce that it will begin paying the Federal Default Fee on behalf of all Georgia borrowers. The fee will be paid on all loans guaranteed on or after May 15, 2008 and applies to all loan types and all borrowers at all schools. This policy will remain in effect at least until June 30, 2009.

It is estimated that this contribution from GHEAC will save borrowers and lenders, using the GHEAC guaranty, in excess of \$2,000,000 this coming year.

It is our hope that this added benefit will encourage our lender partners to make loans available at the lowest possible rates to borrowers in Georgia, which, in turn, will provide more choices and options for all students when it comes to financing their education. We hope this change will help in your efforts to provide your students the financial aid they need to pursue their educational dreams.

Sincerely,

Timothy A. Connell  
TAC:mlc