

Sonny Perdue
GOVERNOR



Timothy A. Connell
PRESIDENT

November 20, 2008

Re: Georgia Higher Education Assistance Corporation Federal Default Fee Waiver

Dear Colleague:

On May 1, 2008 the Georgia Higher Education Assistance Corporation (GHEAC) announced that it would pay the federal default fee on behalf of all Georgia borrowers for loans guaranteed on or after May 15, 2008. I am pleased to announce that despite difficult economic times, GHEAC has saved Georgia borrowers more than \$2,000,000 in fees during the last seven months.

Unfortunately, since that announcement, our nation's economic condition has continued to be difficult and uncertain. Accordingly, we must reluctantly stop paying the federal default fee on behalf of students, effective for loans guaranteed on or after December 1, 2008. We do not make this change lightly; however, given our current economic conditions, we must act prudently to ensure the continued strength of your state guaranty agency.

Despite economic conditions, our performance results have been exemplary and I want you to know that GHEAC is strong and on solid footing as evidenced by the following:

- GHEAC's Cohort Default Rate (CDR) dropped by nearly 20% from the previous cohort year and now has a lower CDR than other competing national guarantors in the state of Georgia.
- GHEAC was noted by the Department of Education as one of the few guarantors across the nation whose CDR declined.
- GHEAC's Federal Student Loan Reserve Ratio (FSLR), an indicator of claims paying ability and financial health, is also very strong and nearly double the federal requirement.
- GHEAC's recovery rate remains in the top 10 across the nation.
- GHEAC will continue to offer free lender neutral loan processing options to schools and lenders including Scholarnet, FASTLOANS, FASTCHOICE, lender flow and the Single Source Partners (SSP) loan origination and disbursement service.

We appreciate your support during these challenging times. If you have any questions, please contact me or any member of the GSFC staff.

Sincerely,

Timothy A. Connell