



April 19, 2006

Dear Lenders,

The Department of Education is finalizing guidance for the billing and payment of special allowance on PLUS Loans made on or after January 1, 2000 and prior to July 1, 2006. Pending the finalization of this guidance and to avoid undue delay in the processing of your Lender's Interest and Special Allowance Request and Report (LaRS) billings, Federal Student Aid will process billings for the quarter ending March 31, 2006 under all regular applicable conditions and requirements with the following exception:

- PLUS loans made on or after January 1st 2000 will not be processed for payment of special allowance until such time as guidance regarding the proper billing and payment of special allowance for these loans is finalized by the Department. Once this guidance is finalized, we will provide resubmission and processing information with respect to these loans.

For lenders who have already submitted their 1st Quarter billing, your submitted billings will be processed beginning today, April 19, 2006 and payments made within the normal payment cycle once processing is completed. For lenders who have not yet submitted their 1st Quarter billing, your billings will be processed once submitted.

Should you have any questions regarding this process please contact Angela Baker at 202-377-3322.

Sincerely,

A handwritten signature in black ink, appearing to read "Matteo Fontana", is positioned below the word "Sincerely,".

Matteo Fontana
General Manager, Financial Partner Services
Federal Student Aid

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