



March 6, 2009

Dear Senator/Representative:

On behalf of the Southwest Association of Student Financial Aid Administrators (SWASFAA), I am requesting that the impending implementation of a state by state auction for the purpose of funding the Federal Parent Loan for Undergraduate Students (PLUS) be stopped. Our association members, from over 450 public and private institutions, believe that the prescribed auction process will greatly disadvantage our regions students and their families. The major problems with the PLUS auction are as follows:

- The auction process will not be completed for 2009-10 until mid or late summer. Aid professionals encourage early application and planning and most parents have already begun to explore their options to pay for their student's education. Parents will not be able to complete an application or have a lender choice until a few weeks prior to the beginning of the fall semester. If a parent applies with a lender before the auction and that lender is not one of the approved lenders, the parent may be required to reapply with an approved lender which would require an additional credit check, which may have a detrimental effect on the parent's credit rating.
- Under the PLUS auction legislation, a parent will be required to borrow from the lender approved for the state in which his/her child is attending school, not the state in which the parent lives. Many parents take out loans for multiple children, who may go to schools in different states. These parents may then have multiple lenders and servicers adding to the confusion and burden in repayment.
- A parent borrower may have a PLUS loan with one lender and the student another federal loan with a different lender, adding to the confusion in repayment. It is our experience that families, in planning and choosing lenders, opt to utilize the same lender.
- The timing of the auction process will force many applications to be received in the late summer timeframe. This could cause delays in the application, certification, and disbursement process and could result in delays in accessibility for both bill payment and receipt of funds.
- Schools may not be able to quickly change business processes if the lenders chosen through the auction have different methods for certification and transmission of loans. Again, this could cause major delays if bids are awarded in late summer.

The PLUS process that is currently in place works very well, our preference is that it not be changed at all. The auction introduces too many points of confusion and disadvantage for our students and parents.

Thank you for all that you do to help make the educational dreams of our students a reality. I hope you will consider this important request and please contact me at 337-475-5019 if you have any additional questions or concerns.

Sincerely,

Taina Savoit, President
Southwest Association of Student Financial Aid Administrators

