

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

SUBJECT: Enactment of the Higher Education Reconciliation Act of 2005 ("the HERA"), Pub. L. 109-171

SUMMARY: This letter contains information on changes made to the loan programs under Title IV of the Higher Education Act of 1965, as amended (the "HEA"), by Pub. L. 109-171

Dear Colleague:

On February 8, 2006, President Bush signed the Higher Education Reconciliation Act of 2005 (the "HERA"), Pub. L. 109-171, which made significant changes to the Higher Education Act of 1965, as amended (the "HEA"), and reauthorized the Federal Family Education Loan (FFEL) Program. The enclosure attached to this Dear Colleague Letter discusses the effect of the changes made to the HEA by the HERA that affect the William D. Ford Federal Direct Loan Program, the Federal Perkins Loan Program, and the Federal Family Education Loan (FFEL) Program. A separate Dear Colleague Letter will be issued shortly that will discuss the changes made by the HERA that are not limited to the HEA Title IV loan programs.

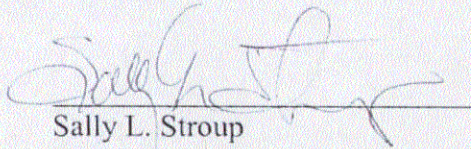
Topics in this letter are grouped alphabetically under two general categories:

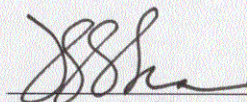
- Topics that primarily affect institutions and borrowers.
- Topics that primarily affect lenders and guaranty agencies.

Unless otherwise noted, the changes made by the HERA are effective on July 1, 2006. If you have any questions on the matters discussed in this letter please contact Pam Moran at (202)-502-7732 or George Harris at (202) 502-7521.

We appreciate your assistance and cooperation as we work to implement these statutory changes.

Sincerely,


Sally L. Stroup
Assistant Secretary for
Postsecondary Education


Theresa S. Shaw
Chief Operating Officer
Federal Student Aid

Enclosure