Association of Texas Lenders for Education

July 29, 2009

Office of the Comptroller of the Currency
250 E Street SW., Mail Stop 2-3
Washington, DC 20219

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, DC 20429

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW.
Washington, DC 20552
Attention: OTS-2009-0010

RE: CRA Docket Number OTS-2009-0010

To Whom It May Concern:

The Association of Texas Lenders for Education wishes to take this opportunity to comment on the proposed changes pertaining to low-cost education loans to the Community Reinvestment Act (CRA) published on June 30, 2009. ATLE is a non-profit, voluntary association composed of a diverse group of loan providers, secondary markets and other education finance organizations that participate in the Federal Family Education Loan Program (FFELP). In addition, our membership includes a number of financial institutions for which the inclusion of low-cost education loans as an eligible component of, and factor for, consideration in revised CRA standards would be constructive, be they through the U.S. Department of Education (the Department) or private education loans as specified in the Truth in Lending Act.

In response to the Agencies' Request for Comments on "Education Loans", ATLE strongly believes that *private loans not made, insured or guaranteed under a Federal, State, or local education program* [should] *be considered for CRA purposes.* Although the student loan programs through the Department of Education have more favorable terms for student borrowers, federal loan limits associated with these loans often fall short of meeting the full cost of attendance, forcing many students with unmet need to

pursue other private loan options to complete their degree. The private loans offered by our members are recommended and provided only after all federal options have been exhausted. Furthermore, we submit that *all education loans offered to low-income borrowers* [and families] *under State or local education programs, regardless of whether the fees and costs are comparable to those under Department of Education programs,* [should] *be eligible for CRA consideration.* The fee structures of the government and private loan programs are not compatible because not only are operational costs accounted differently, but private student loans carry a significantly higher risk. The government guarantee on federal student loans reduces the liability for lenders and allows for the reduced fees and costs associated with the federal student loan programs.

Regarding the Agencies' Request for Comments on "Low-Income Borrower," ATLE suggests simplifying the income assessment on education loans originated through the Department by defining "low-cost education loans" as need-based federal student loans. In the current environment, subsidized Stafford loans would meet this standard in light of the significant financial need required for eligibility in this category. Our members are deeply entrenched in the financial aid process and can attest to the uniqueness of federal student lending in contrast to typical bank lending policies. Banks acting as student loan lenders must adhere to federal regulations and procedures which impede them from accessing individual borrower income information as such information is obtained and evaluated by the school through the Free Application for Federal Student Aid (FAFSA). The determinant for whether a student's Stafford loan is subsidized or unsubsidized is based on the borrower's Expected Family Contribution (EFC), with generally low to zero EFC students qualifying for subsidized loans. A vast majority of these borrowers historically come from low-income families and often are also Pell Grant recipients. The recent EFC formula can be found on the Department's federal student aid website at http://studentaid.ed.gov/students/attachments/siteresources/EFC%20Formula%2000809%20update.pdf.

ATLE appreciates the Agencies' recognition of the critically important role of private sector involvement in the federal student loan programs. However, if required to provide specific borrower income information, federally insured education loans will be difficult to include in CRA due to industry privacy standards. Though not unscathed by these challenging times, our members participate in the FFELP because of a deep commitment to the communities and customers we individually and collectively serve.

Sincerely,



Amanda Dickinson
ATLE President
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