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Subject: Inclusion of the review of prohibited inducements in the scope of comprehensive lender reviews required under 34 CFR 682.410(c)(1).

Dear Guaranty Agency Director:

The U.S. Department of Education and Guaranty Agencies have a role in overseeing lenders that participate in the Federal Family Education Loan (FFEL) Program.

In accordance with 34 CFR 682.410(c)(1), guaranty agencies must conduct comprehensive biennial on-site program reviews of lenders for which they have guaranteed FFEL loans. These reviews are comprehensive in nature. The U.S. Department of Education needs your assistance in monitoring FFEL lenders to ensure compliance with federal laws and regulations that prohibit lenders from using inducements to increase loan volume. Beginning January 1, 2008, the review of prohibited inducements has been added to the scope of the comprehensive lender reviews that are performed under the Common Review Initiative process. We are requesting that you add procedures for ensuring that lenders are not engaging in improper inducement practices to the scope of your non-CRI comprehensive reviews.

Please send us your thoughts and ideas on how we can make the reviews required under 34 CFR 682.410 (c) (1) more efficient and effective. If you have any questions, please contact Ann Marie Fusco at (646)- 428-3774.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia Trubia".

Patricia Trubia  
Acting Director  
Financial Partner Eligibility & Oversight  
Federal Student Aid

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