

**LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION**  
**OFFICE OF STUDENT FINANCIAL ASSISTANCE**  
***Loan Program Bulletin***

TO: Lenders and Schools

DATE April 21, 2010

TOPIC: Federal Default Fee

*To assure that your Common Manual remains current, please record this document on your LPM/LPB index, and retain it in Appendix E of your manual.*

A provision in the federal Higher Education Reconciliation Act (HERA) of 2005, which became effective July 1, 2006, requires all guarantors of federal student loans to collect a 1% federal default fee from the borrower's disbursement, unless the fee is paid using non-federal funds from some other source.

The Louisiana Legislature appropriated general funds for payment of the mandatory one percent (1%) federal default fee, beginning July 1, 2006, for all borrowers of Federal Stafford, PLUS and Grad PLUS whose loans were guaranteed by LOSFA, when those fees were not paid by the lender.

**LOSFA is projecting that the appropriated general funds will run out May 31, 2010 and the federal default fee will no longer be paid on behalf of the borrower, for loans guaranteed by LOSFA, after that date.**

If you have questions, please contact your School and Lender Services representative.

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