

1 November 2010

William Taggart, Chief Operating Officer
Federal Student Aid United States
Department of Education
830 First Street, N.E.
Washington, D.C. 20202

Dear Mr. Taggart,

Thank you for your efforts on behalf of students, graduates, and aid professionals. They have not gone unnoticed and are appreciated, and the same most certainly applies to your staff and those copied in this letter.

I am writing with regard to borrowers who want to consolidate their Federal Grad PLUS Loans into the Direct Consolidation Loan (DCL) program and would like to repay their DCL under the Income Based Repayment (IBR) plan. Some of these borrowers are, at least initially, being denied access to that plan, hence this note and request.

In the *Federal Direct Consolidation Loan Instructions for Application and Promissory Note* (enclosed), there is currently *one* Loan Code designated for *both* Federal PLUS Loans for parents *and* graduate/professional students. This causes a challenge for the above referenced borrowers because at present, the Direct Consolidation Loan origination system “defaults” (sorry, a poor choice of words here) to the IBR eligibility rules which state that Parent PLUS Loans (or consolidation loans that include Parent PLUS) are *not* eligible for IBR.

I became aware of this problem earlier this summer when some of my clients were caught in this situation and came to me for help. I would respectfully suggest that more than a few borrowers have no idea this is the case and when they are told they have “ineligible loans” by the DCL system that are knocking them out of potential IBR eligibility, they do not know how to respond nor that this is incorrect.

I would respectfully suggest that something be done to address this *immediately* so that these otherwise IBR eligible borrowers can be considered for this repayment option. Should a system change not be immediately possible, perhaps a notice directed to graduate and professional (GP) school borrowers could be placed on the Web site and/or some kind of Special Instructions for GP borrowers be developed as an addendum for the instructions.

While I cannot cite specific numbers, I would suggest that quite likely more than a few borrowers are currently facing this challenge, or will be shortly, as their loans enter repayment this month and next and they attempt to consolidate their Grad PLUS Loans and select IBR as their repayment plan of choice. While I know some FSA officials are aware of this, I also understand FSA does not currently have an implementation date to address this. I would respectfully suggest that this is unacceptable, especially as this plan is *in the statute* for eligible borrowers.

Borrowers need your help, and I thank you in advance for your consideration and upcoming actions in this regard. Please let me know should you have any questions.

Best wishes, and respectfully submitted.

Paul S. Garrard President and Founder, PGPresents, LLC

cc: Debra Wiley
Denise Leifeste
Jana Hernandez
Cynthia Battle