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PLUS Loan Auction Cancelled

On April 9, 2009, the U.S. Department of Education announced it was cancelling the auction scheduled to take place on Wednesday, April 15, under the Competitive Loan Auction Pilot Program. During the 2009-2010 and 2010-2011 award years, Parent PLUS loans under the Federal Family Education Loan Program may be made by an eligible lender to parents of students attending eligible educational institutions in any state. The letter from the Department is available below.

April 9, 2009

Author: Daniel T. Madzellan, Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary for Postsecondary Education

Subject: Cancellation of the Competitive Loan Auction Pilot Program for Parent PLUS Loans

U.S. Department of Education

ANNOUNCEMENT THE COMPETITIVE LOAN AUCTION PILOT PROGRAM FOR PARENT PLUS LOANS

Through a notice in the Federal Register of March 3, 2009, the Department established an April 1, 2009 deadline for the submission of pre-qualification requests under the Competitive Loan Auction Pilot Program for Parent PLUS Loans, relating to loans to be made for loan periods beginning on or after July 1, 2009 and ending on or before June 30, 2011. In order for the auction to have been considered successful for any State, at least two lenders must have submitted pre-qualification requests for that State. However, the Department failed to receive two requests for pre-qualification for any State, and for the vast majority of States the Department received no requests at all. For this reason, the Department considers the purpose of the Competitive Loan Auction Pilot Program to have been frustrated, and it is cancelling the auction that was scheduled to occur on April 15, 2009.

During the 2009-10 and 2010-11 award years, Parent PLUS loans under the Federal Family Education Loan program may be made by any eligible lender to parents of students attending eligible educational institutions in any State.

In the coming days, the Department will also announce the cancellation of the auction through a notice in the Federal Register.

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E-Updates is an electronic newsletter sponsored and operated by the Student Loan Guarantee Foundation of Arkansas (SLGFA) to provide program information to schools and lenders participating in the Federal Family Education Loan Program (FFELP).