



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

FP-09-03

Subject: Completion of Loan Verification Certificates

Summary: This letter provides updated guidance to FFEL Program loan holders concerning the completion and return of Loan Verification Certificates in connection with a borrower's application to consolidate a single FFEL Program consolidation loan into a new Federal Direct Consolidation loan.

Dear Colleague:

In a Dear Colleague Letter (DCL) dated May 17, 2007 (GEN 07-03, FP 07-07), we provided guidance that allowed the holder of a Federal Family Education Loan (FFEL) Program loan to refuse to complete and return a Loan Verification Certificate (LVC) if the loan holder believed that the only loan to be included in the new consolidation loan was a single consolidation loan held by that loan holder. That guidance continues to apply if a borrower has applied to consolidate a single FFEL Program consolidation loan with another FFEL Program lender. The earlier guidance also applies if the single consolidation loan is a joint consolidation loan, since a joint consolidation loan may not be included in a subsequent consolidation loan under any circumstances in either the FFEL Program or the William D. Ford Federal Direct Loan (Direct Loan) Program.

Statutory changes made to section 428C(a)(3) of the Higher Education Act (the HEA) by the College Cost Reduction and Access Act (the CCRAA) and the Higher Education Opportunity Act (the HEOA) allow a borrower to consolidate a single FFEL Program consolidation loan into the Direct Loan Program if:

- The FFEL consolidation loan has been submitted for default aversion or is already in default and the borrower wishes to obtain, effective July 1, 2009, an Income-Based Repayment plan on the Direct Consolidation Loan;
- The borrower wishes to use the Direct Loan Program's Public Service Loan Forgiveness Program under section 455(m) of the HEA (effective July 1, 2008); or
- The borrower wishes to take advantage of the Direct Loan Program's no interest accrual benefit for active duty service members under section 455(o) of the HEA and the FFEL Program consolidation loan is one that repaid FFEL Program loans that were first disbursed on or after October 1, 2008.

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As a result of these statutory changes, all loan holders must return completed LVCs to the Direct Loan Program in accordance with 34 CFR 682.209(j) for any borrower who has applied to consolidate a single FFEL Program consolidation loan (other than a joint consolidation loan) into the Direct Loan Program. Except in the case of a joint FFEL consolidation loan, a loan holder may not refuse to complete and return an LVC for a borrower who has applied to consolidate into the Direct Loan Program based solely on the fact that the only loan to be consolidated is a single FFEL Program consolidation loan.

Please direct any questions on this letter to Pam Moran by phone to (202) 502-7732 or by e-mail to [pamela.moran@ed.gov](mailto:pamela.moran@ed.gov).

Sincerely,



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