

LOAN PURCHASE PROGRAMS ELECTRONIC ANNOUNCEMENT #60

Date: May 11, 2009

To: FFEL Program Community

From: Daniel T. Madzelan, Delegated the Authority of the Assistant Secretary for Postsecondary Education

Subject: The Department's Asset-Backed Commercial Paper (ABCP) Conduit Program

The Department is pleased to announce the implementation of an Asset-Backed Commercial Paper (ABCP) Conduit Program that will help ensure the continued availability of Federal Family Education Loan Program (FFELP) loans to students and parents for the 2009-10 academic year. Conduit Program participants must use 100 percent of the net proceeds of funds received from the Conduit to originate and disburse new FFELP loans.

The Department initially announced in the [*Federal Register* on January 15, 2009](#) that it would provide buyer-of-last-resort support to one or more ABCP Conduits that will purchase FFELP Stafford and PLUS loans made between October 1, 2003, and June 30, 2009. The Department entered into a Put Agreement with the Straight-A Funding LLC Conduit using the authority provided by, and consistent with the requirements of, the Ensuring Continued Access to Student Loans Act (P.L. 110-227).

The Conduit will purchase notes secured by eligible FFELP loans from eligible FFELP lenders and holders, which in turn will serve as the underlying asset against which the Conduit sells commercial paper to interested investors. These commercial paper issuances will have variable maturities, but in no case longer than 90 days. As previously-issued commercial paper matures, proceeds from newly-issued commercial paper will be used to satisfy investors holding the earlier maturities. If necessary, the Federal Financing Bank will provide a short-term liquidity backstop to re-finance maturing commercial paper. The Department will purchase loans from the Conduit in order to allow the Conduit to repay such short term liquidity loans to the extent required.

Additional information on the Conduit is available at <http://www.federalstudentaid.ed.gov/ffelp/abcp.html>