
 National Student Loan Program We guarantee it.™

# The Ins & Outs of Guaranty Agencies



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# What are Guaranty Agencies?

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# Structure and Purpose

- Structure
  - state-based
  - private, non-profit
- Purpose
  - assist students and families with higher education access and choice by providing loan guarantee and student loan related services to the financial aid community and student loan industry

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## What Do Guaranty Agencies Do?

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## FFELP Administration

- Loan processing and maintenance
- Customer service, training and workshops
- Delinquency and default prevention
- Review and pay lender claims
- Collect defaulted loans
- School and lender oversight and compliance

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## Value-Added Services

- Financial aid planning information
- Borrower education and loan counseling
- Financial literacy training
- Advocate for higher education financing issues
- Key role in supporting industry initiatives

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# Questions?



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# Guaranty Agency Financing 101

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# Federal Student Loan Reserve Fund

- Net asset ownership
  - federal government
- Investments
  - restricted to low-risk instruments
- Uses of funds
  - restricted to those prescribed in statute and regulation
- Minimum reserve requirement
  - must maintain reserve fund level equal to .25 percent of outstanding guaranty obligations

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**Agency Operating Fund**

- Net asset ownership
  - guaranty agency
- Investments
  - at guaranty agency discretion
- Uses of funds
  - all costs of agency FFELP operations
  - may be used to cover obligations of the Federal Student Loan Reserve Fund
  - provide other student financial aid activities
- Minimum reserve requirement
  - none

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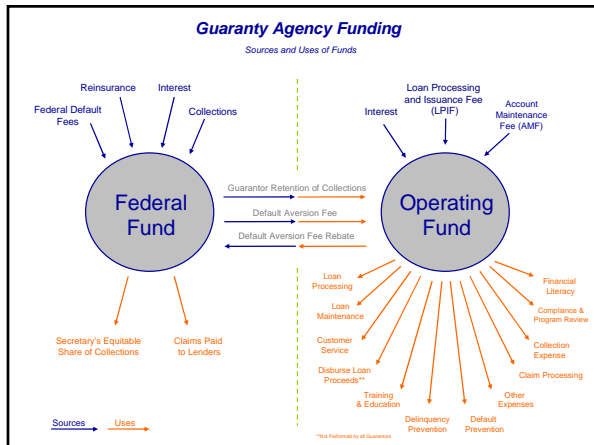
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**Questions?**

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## Contact information

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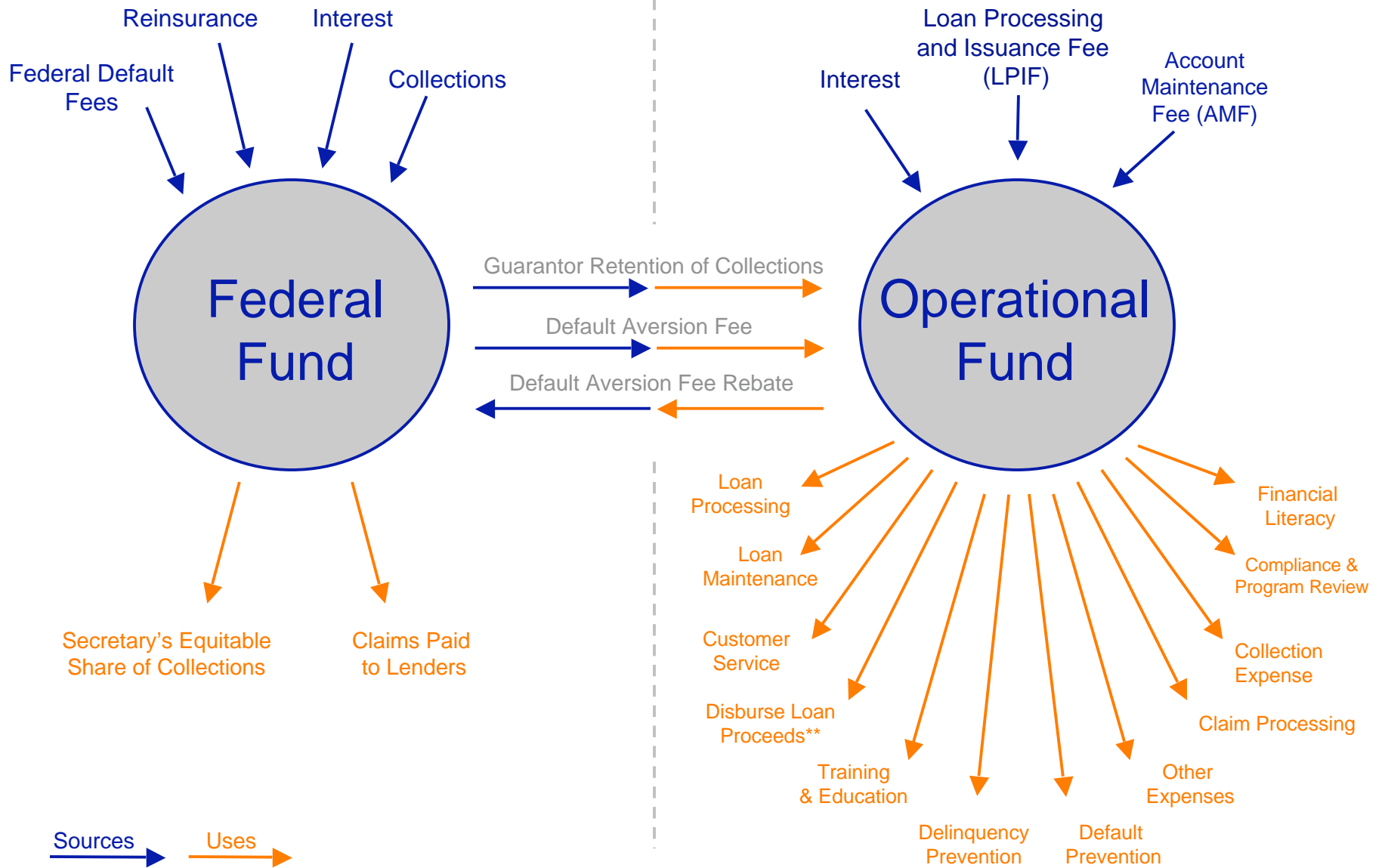
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# Guaranty Agency Funding

Sources and Uses of Funds



\*\*Not Performed by all Guarantors