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175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

www.Edfed.com

News in Brief

03/27/08

Stafford Loan Limits May Be Raised for Health Profession Students

Reports indicate that the U.S. Department of Education has decided to raise the Stafford Loan limits for medical and other health profession students. Currently, the cumulative amount medical students can borrow is \$189,125, but that may be raised to \$224,000. The higher loan limit applies only to unsubsidized Stafford Loans. It has not yet been determined whether the new loan limit will be effective July 1, 2008, or July 1, 2009. Secretary of Education Margaret Spellings plans to release a Dear Colleague letter with details shortly.

Former Head of Student Finance Corporation Sentenced

Andrew Yao, former head of Student Finance Corporation out of Newark, Delaware, was sentenced to one year and one day in prison. Yao was found guilty of lying to creditors about the nearly \$1 million in wire transfers he made before the student loan company collapsed. Yao claimed the monies were used for aircraft maintenance. It was later discovered the money was given to a mistress and used for entertainment. Student Finance Corporation collapsed in 2002.

Sex Offenders Receive Pell Grants

Convicted sexual predators taking higher education classes have been receiving Federal Pell Grants. Federal Pell Grants provide financial aid to low-income students. Current prisoners and students convicted on some drug offenses are not eligible for Federal Pell Grants. However, convicted sex offenders are eligible to receive aid once they have been transferred from prisons to treatment centers. Representative Ric Keller (R-FL) has called the loophole "insane," "a national embarrassment," and "a waste of taxpayer dollars" and has called for a stop to the practice.