

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 17, 2009

DISCUSSION ITEM F: EdSouth Contract Amendment for Rehabilitation Loans

Staff Recommendation For discussion only.

Background

The need for this Amendment is a result of the collapse of the financial market which impacted all guaranty agencies and their ability to secure purchases of rehabilitated loans. Prior to the collapse, guaranty agencies were able to sell rehabilitated loans on a regular basis. TSAC has been unable to sell rehabilitated loans since mid-2008. More recently, funds have become available through the U.S. Department of Education's "conduit" program, which will allow EdSouth to purchase a portion of TSAC's rehabilitated loan volume but at a discounted rate.