

College Assist Extends One Percent Savings on Loans to Students for 2008-09

College Assist announced earlier this year that it will continue to subsidize the 1 percent federal default fee on behalf of federal Stafford and PLUS borrowers through June 30, 2009. This will be the third consecutive year that College Assist has paid the mandated fee on behalf of students and parents.

As the cost of education continues to increase, College Assist is dedicated to reducing the cost of financing education. “At College Assist, we are committed to helping families pay for higher education,” said Director Debra DeMuth. “Waiving the default fee for students and parents means we directly increase the resources they have available to cover college costs.”

The Higher Education Act mandates that a 1 percent fee be deducted from FFEL Program borrowers’ loans and used for default prevention services and programs. Usually, the lender reduces the amount of the borrower’s loan proceeds, and the fee is remitted to the guarantor. By extending the subsidy, College Assist is agreeing to

pay the 1 percent fee on behalf of each borrower whose loan it guarantees.

“We are pleased to once again be able to offer this program,” said DeMuth. “It’s a meaningful way for us to help reduce the cost of higher education and, hopefully, increase access for more students.”

College Assist expects this year’s subsidy to save student and parent borrowers more than \$8.4 million – on approximately 190,000 loans – in the upcoming school year.

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Projected Effect of 2008-09 Subsidy

