



COSUAA ANNUAL CONFERENCE

APRIL 30, 2018

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Helping Families Plan & Pay for College™

Agenda

- Who is EFC?
- Private Education Loan Market
- Preferred Lender List
- Private Education Loan Comparisons
- HEA Reauthorization Proposals
- Alternative Approaches
- Discussion

Education Finance Council

- National Trade Association representing nonprofit and state-based higher education finance organizations.
- The mission of Education Finance Council is to support its state-based and nonprofit members' capacity to
 - **expand access to higher education,**
 - **facilitate student success,**
 - **assist students and families in identifying their best sources of education funding,**
 - **encourage wise borrowing, and**
 - **advocate for and with borrowers in support of successful management of their education loan debt.**

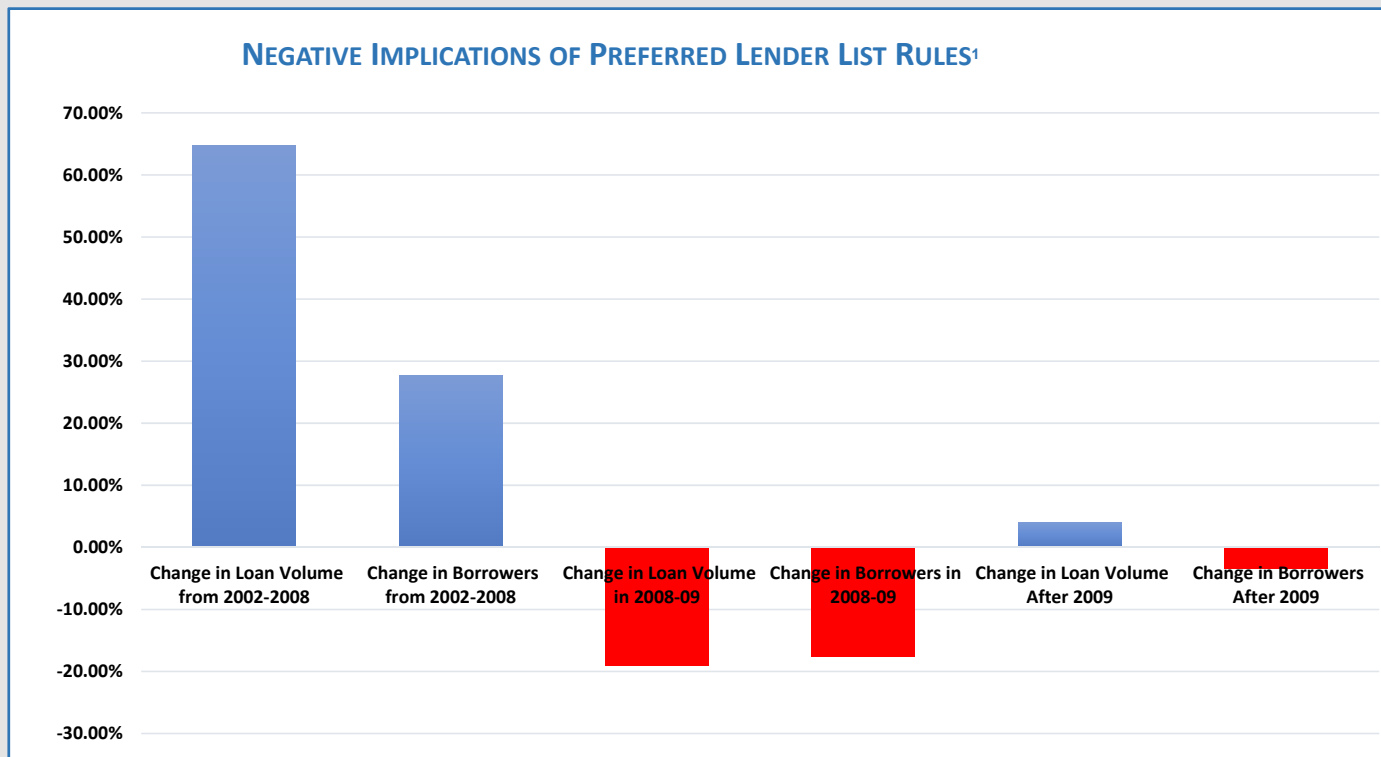
Private Education Loan Market

- Federal Education Loans
 - \$1.37 Trillion
- Private Education Loans
 - \$113.2 Billion (in school market)
 - \$ 25 Billion (refinancing)
- Lenders
 - Banks
 - Credit Unions
 - State-based Nonprofits
 - Colleges & Universities
 - Others

Private Education Loan Market

- Private Education Loan Delinquency Rate
 - 30-89 Days Past Due = 2.97%
 - 90+ Days Past Due = 1.8%
- Federal Direct Student Loans
 - 2014 CDR = 11.5%

Preferred Lender List





private education loans



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Looking For Best private student loan rates? Get Info On Best Student Loans!

Private Education Loans. Private Education Loans, also known as **Alternative Education Loans**, help bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow in its programs. Private loans are offered by private lenders and there are no federal forms to complete.

Private Education Loan Comparisons

	Federal Loans	Non-Profit	For-Profit Lenders**	
	PLUS Rate	State-Based, Nonprofit*	w/ cosigner	w/out a cosigner
2017-18	7.00%	4.52%	7.76%	9.25%

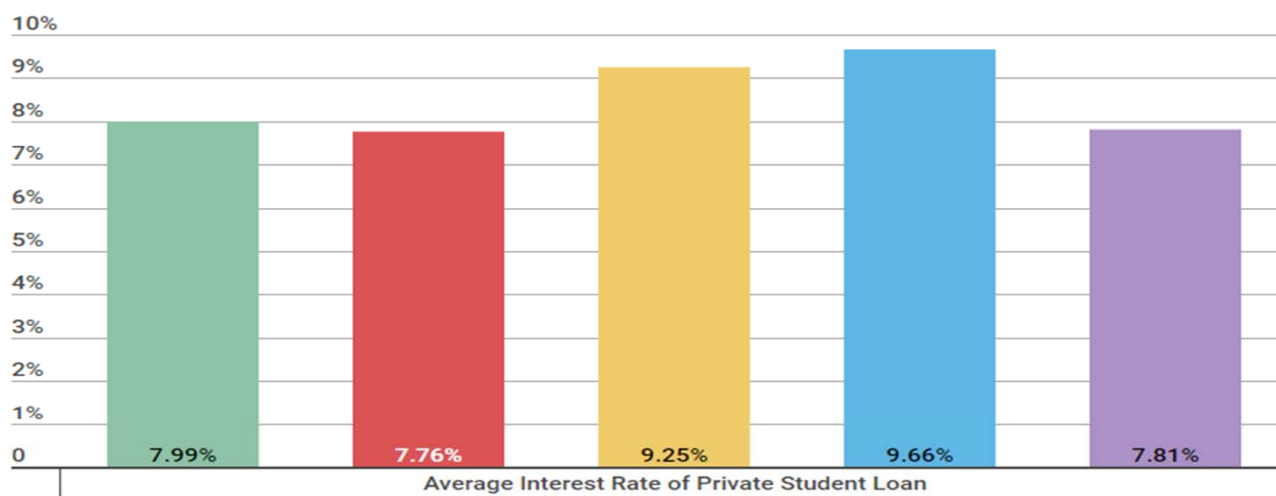
* Fixed Rate

**LendEdu Study

Private Education Loan Comparison Tools

- ELM Resources
- Fast Choice
- Credible
- Student Loan Hero
- Purefy

Private Education Loan Comparisons



- Overall Average Interest Rate of Private Student Loan
- Average Interest Rate of Private Student Loan With a Cosigner
- Average Interest Rate of Private Student Loan Without a Cosigner
- Average Fixed Interest Rate of Private Student Loan
- Average Variable Interest Rate of Private Student Loan



Private Student Loan Market - Refinancing

Lender	\$ Amount (in billions)	# Borrowers (in thousands)	Average Loan Size
SoFi	\$ 15.00	185	\$ 81,081
Citizens Bank	\$ 3.30	58	\$ 57,121
DRB	\$ 2.80	24	\$ 11,667
Earnest	\$ 1.30	17	\$ 76,471
CommonBond	\$ 1.30	19	\$ 68,421
Lendkey	\$ 0.70	14	\$ 50,000
College Ave	\$ 0.20	4	\$ 50,000
Others	<u>\$ 0.40</u>	<u>10</u>	<u>\$ 40,000</u>
Total	<u>\$ 25.00</u>	<u>330</u>	<u>\$ 75,581</u>

HEA Reauthorization House & Senate Proposals

- Prosper Act
 - One Loan – varying loan limits
- Senate White Paper & Principles
 - Three Loans – UG, Grad, & Parent

HEA Reauthorization – Prosper Act

Dependent Undergraduate Loan Limits

Dependent Undergraduate Borrowers	Current Law Loan Limits	PROSPER ACT Proposed Loan Limits
Dependent Undergraduate 1st Year	\$5,500	\$7,500
Dependent Undergraduate 2nd Year	\$6,500	\$8,500
Dependent Undergraduate 3rd Year +	\$7,500	\$9,500
Dependent Undergraduate Agreggate	\$31,500	\$39,000

HEA Reauthorization- Prosper Act Independent Undergraduate Loan Limits

Independent Undergraduate Borrowers	Current Law Loan Limits	PROSPER Act Proposed Loan Limits
Independent Undergraduate 1st Year	\$9,500	\$11,500
Independent Undergraduate 2nd Year	\$10,500	\$12,500
Independent Undergraduate 3rd Year +	\$12,500	\$14,500
Independent Undergraduate Agreggate	\$57,500	\$60,250

HEA Reauthorization – Prosper Act Parent Loan Limits

Parent Borrowers	Current Law Loan Limits	PROSPER Act Proposed Loan Limits
Parent Annual	COA minus other aid	\$12,500 minus UG Borrowing
Parent Aggregate	None	\$56,250

HEA Reauthorization – Prosper Act Grad & Professional Loan Limits

Graduate and Professional Borrowers	Current Law Loan Limits	PROSPER Act Proposed Loan Limits
Graduate and Professional Annual	\$20,500	\$28,500
Graduate and Professional Aggregate	\$138,500	\$150,000
Graduate and Professional PLUS Loan	COA minus other aid	Eliminated
Graduate & Undergraduate Aggregate	\$138,500	\$150,000

HEA Reauthorization – Prosper Act

Health Profession Loan Limits

Program of Study	Additional Annual Amount (9-Month Academic Year)	Additional Annual Amount (12-Month Academic Year)	Aggregate Limit (includes any FFEL or DL)
Doctor of: allopathic medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatric medicine, naturopathic medicine, or naturopathy	\$20,000	\$26,667	\$235,500
Doctor of: pharmacy, doctor of chiropractic medicine, physician's assistant, graduate degree in public health, doctoral degree in clinical psychology, or masters or doctoral degree in health administration	\$12,500	\$16,667	

Alternative Approaches

- Expanding Beyond Traditional Underwriting
 - College / University Data
 - Program of Study / Completion / Job Placement
 - Student Academic Data
- New Structures
 - Income Share Agreements
 - Institution Lending/Risk-Sharing Agreements

Discussion

Thank You