



NEWS RELEASE

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California Student Aid Commission and EDFUND Renew Guarantee Fee Waiver, Saving Students Millions

RANCHO CORDOVA—The California Student Aid Commission and EDFUND announced today that they will continue to waive the 1 percent guarantee fee on student loans through September 30, 2005, saving students millions of dollars. EDFUND is the Commission's student loan services auxiliary.

The Commission and EDFUND's "Zero G Fee" program waives the 1 percent loan insurance fee authorized as a charge to borrowers under the terms of the Federal Family Education Loan Program. Current factors affecting student access to higher education were also taken into account by the Commission. These factors include the availability of federal, state, and institutional grant sources for college; an expected significant increase in college-going costs not offset by grant aid; and, the continued reliance by students on loans for a college education.

"In this time of increasing college costs, we are pleased to provide this financial benefit to students and their families," commented Diana Fuentes-Michel, executive director of the Commission. "The Commission and EDFUND are continuing their strong commitment to maximizing access to higher education in every way possible."

The Commission inaugurated the Zero G Fee program in July 1996. From the program's inception through September 2003, students and their families have saved an estimated \$163 million, and are projected to save more than \$200 million by September 2004. Projections suggest extending the fee waiver through September 2005 could add \$40 million or more to students' total savings from the Zero G Fee program.

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“As college costs have increased, so has student borrowing,” said EDFUND President Becky Stilling. “Waiving the guarantee fee is a wonderful opportunity for us to help students and families reduce the cost of higher education.”

Under current law, guarantors are authorized to charge a guarantee fee to the borrower of up to 1% of the principal amount borrowed. Because the reauthorization of the Higher Education Act is scheduled this year, it remains possible that Congress may enact some future change in the guarantee fee policy.

The Commission and EDFUND will continue to examine and evaluate financial incentive programs for borrowers beyond 2005 commensurate with the anticipated reauthorization of the federal Higher Education Act. In so doing, they intend to consult widely with higher education institutions, student loan program lenders, federal government representatives, and other individuals and organizations.

Visit www.csac.ca.gov and www.edfund.org for information on programs and services available through the Commission and its auxiliary, EDFUND.

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The California Student Aid Commission is the state’s principal provider of intersegmental statewide grant aid to postsecondary students. Founded in 1955 as the California State Scholarship Commission, the Commission’s primary programmatic responsibilities include operation of the Cal Grant program, which will distribute about \$612 million to California’s college students during the 2003-2004 school year, and several targeted state scholarship and loan forgiveness programs. The 15-member Commission oversees the activities of its nonprofit student loan services auxiliary, EDFUND. The Commission is headquartered in Rancho Cordova, California.

EDFUND, a nonprofit public benefit corporation, is the nation’s second largest provider of student loan guarantee services under the Federal Family Education Loan Program. EDFUND offers students a wide range of financial aid and debt management information while supporting schools with advanced loan processing solutions and default prevention techniques. Operating as an auxiliary corporation of the California Student Aid Commission, EDFUND processes more than \$5.5 billion in student loans annually (including consolidation loans) and manages a portfolio of outstanding loans valued at \$21 billion. EDFUND is headquartered in Rancho Cordova, California with regional offices located throughout the nation.

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