



# NEWS RELEASE

**FOR IMMEDIATE RELEASE**  
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**CONTACT: Carole Durante**  
**(916) 526-7991**

## **California Student Aid Commission Urges Borrowers to Consider Student Loan Consolidation before July 1<sup>st</sup>!**

RANCHO CORDOVA – At its meeting today, the California Student Aid Commission passed a Resolution urging California’s college-going students, college graduates, and their parents who have borrowed money for education to learn about loan consolidation right away – before fast-approaching July 1<sup>st</sup> interest rate increases. Interest rates for most federal student loans are currently 2.77 percent for students still in school and 3.37 percent for graduates. Rates will rise by nearly 2 percent on July 1, 2005. Consolidating loans now offers most borrowers the chance to lock in a fixed rate near the current record-low interest rates.

“This is an opportunity for California’s families to take advantage of historically low rates and to potentially save millions of dollars in interest payments on student loans,” said David Roth, Chair of the Commission.

As of July 1<sup>st</sup>, the rate for federal Stafford loans will increase 1.93 percentage points to 5.3 percent for borrowers with loans that are being repaid or that are in the repayment process with lenders. Federal PLUS loans for parents will rise 1.93 percent to 6.1 percent. Federal student loan interest rates are typically variable, set annually for the period of July 1 through June 30, and for student borrowers cannot rise higher than 8.25 percent.

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P.O. Box 419045, Rancho Cordova, CA 95741-9045

“Borrowers should contact their lender and college financial aid advisors, now, to learn more about loan consolidation,” encouraged Diana Fuentes-Michel, Executive Director of the California Student Aid Commission.

This is the first interest rate increase since July 2000.

The loan consolidation program was created by Congress in 1986 so borrowers with multiple loans and higher loan balances could have an easier repayment method. Depending on the amount of the new consolidation loan, payments can be extended to up to 30 years.

Lenders may allow applicants to apply as late as June 30<sup>th</sup> for consolidation at current rates. To find out more about the California Student Aid Commission and its financial aid programs, visit the Commission’s Web site at [www.csac.ca.gov](http://www.csac.ca.gov)

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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 distributed nearly \$760 million to California’s college students during the 2004-2005 school year; operation of the California Chafee Grant Program; and, several multi-million dollar targeted state scholarship and loan forgiveness programs. The 15-member Commission oversees the activities of its nonprofit student loan services auxiliary, ED FUND. The Commission is headquartered in Rancho Cordova, California.*

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