

**Impact of Student Loan Market
Changes and Credit Crisis on
Veterinary Students**



Presented by Todd Balsley, Graduate Leverage

The Good

➤ ***Extremely Low Interest Rate Environment ****

Prime: 7.25% to 3.25%

LIBOR: 4.41% to 0.42% (London Interbank Overnight Rate)

T-Bill: 1.91% to 0.11%* (determines variable rate Stafford loan rate)

The Bad

➤ ***Limited Access to Capital and Higher Cost of Funds***

Tightening of credit standards: More difficult to get a private loan

Higher priced private student loans

Lenders exiting the market

- Fewer choices, less competition
- Disruptions – some students were forced to switch lenders

CCR&AA, Re-authorization of HEA, and ECASLA

The Good:

- Income-Based Repayment (IBR) plan includes 3 yrs of subsidies (July 1, 2009)
- Public Service Loan Forgiveness Programs now provide for nontaxable forgiveness of educational loans for those that qualify. (10 years of public service required).
- Aggregate Fed loan limit increased to \$224k for Health Professional Students
- Dept of Education provides credit facility for lenders and extends sufficient money to offer loans through 2009-2010

The Bad:

- Reduced lender subsidies has resulted in fewer, if any, lender discounts
- Reduced subsidies by the federal gov't has contributed to industry departures
- Economic Hardship qualification becomes more difficult (July 1, 2009)

1. Use Federal Loans: (Stafford & Grad PLUS)

- **Government intervention prevented federal loan access issues**
- **Some students may have switched lenders due to loan program suspensions**
- **Lender discounts and options are very limited. Lender choice less important with Federal loans**

2. Use Private Loans Only When Required:

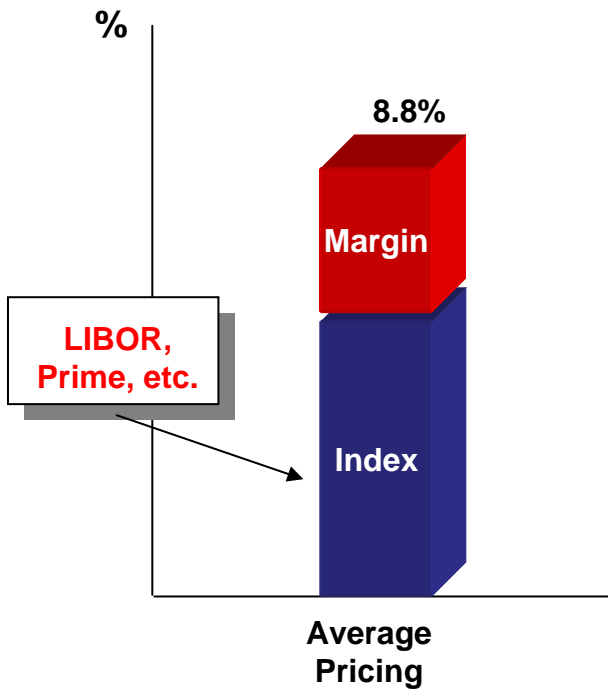
Sometimes needed for Externships, Internships or Residencies:

- **Fewer options available; but comparison is recommended**
- **Rates have increased dramatically to > 10%**
- **Minimum credit requirements have also toughened**

(For Illustrative Purposes – assumptions based on filings of sample lenders)

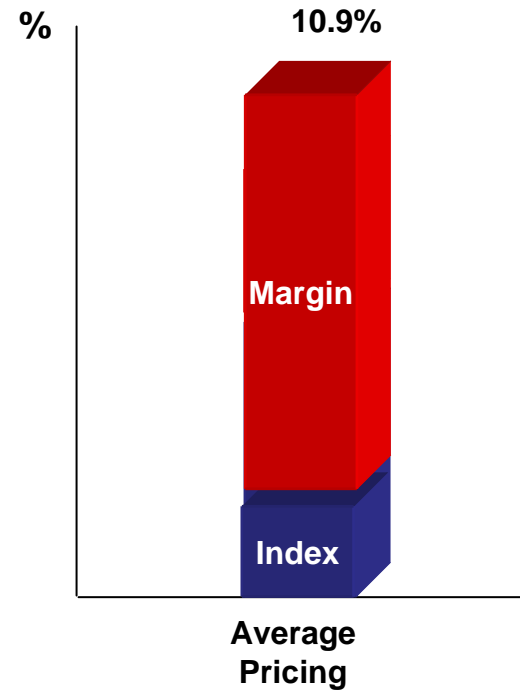
Private Loan Rates 2007

(pre-credit crunch)



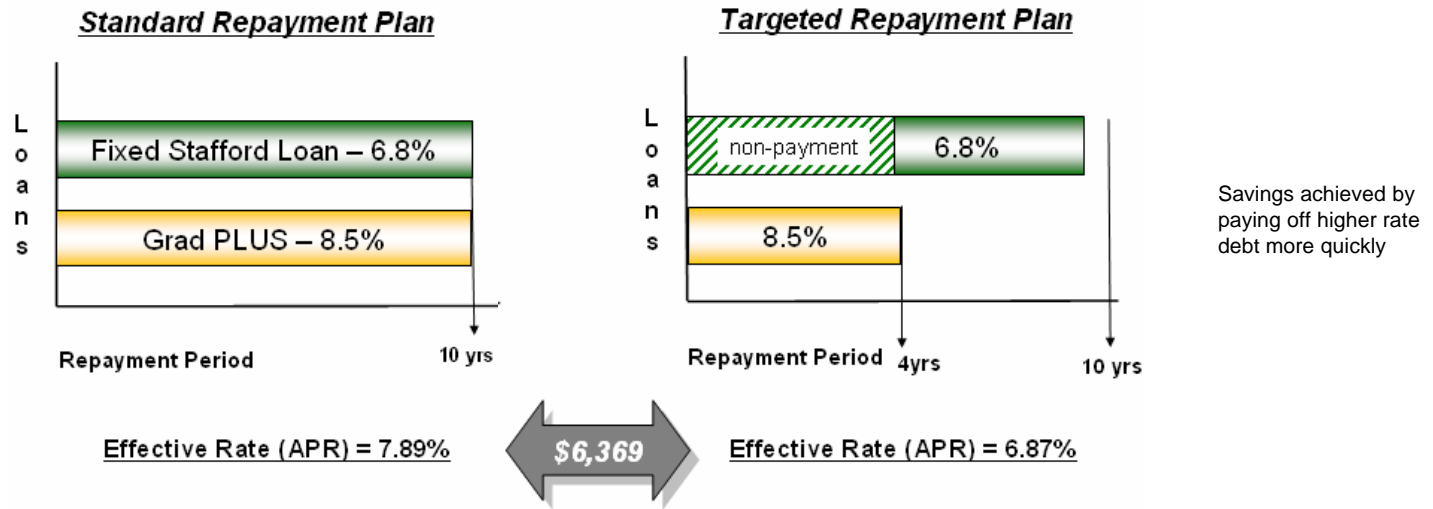
Current Private Loan Rates

(post-credit crunch)



Even Higher Interest Rates When Index Normalizes

1. Prioritize Your Debt



2. Understand Payment Relief Options

Potential Interest Savings for One Year*

Forbearance: \$0

Deferment: ~\$2,312

Income Based Repayment: ~\$1,290

3. Understand Applicable Government Programs

- Public Service Loan Forgiveness Program
- Federal Consolidation Program

*Based on \$120k in debt (\$34k in subsidized Stafford)



Student Loans: Graduate Leverage continues to offer federal and private student loans and services tailored to professional graduate students



www.GraduateLeverage.com

New Advisory Service: GL Advisor, a new advisory service launched this month, provides students and graduates with personalized support and solutions to ensure sound financial decisions



www.glAdvisor.com