

**FOR IMMEDIATE RELEASE**

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Contact: Shelley M. Snow, Outreach Manager, (541) 687-7407; [shelley.m.snow@state.or.us](mailto:shelley.m.snow@state.or.us)  
<<mailto:shelley.m.snow@state.or.us>>

## **State Financial Aid Agency Extends “Zero Guarantee Fee”**

*Action saves students more than \$1.5 million*

EUGENE, Ore. (3/8/04) Students whose loans for higher education are guaranteed by the Oregon Student Assistance Commission (OSAC) will have more money to spend on tuition, books and fees during the 2004 - 2005 school year. OSAC will extend the current waiver of the one percent guarantee fee on student loans administered through the Federal Family Education Loan Program (FFELP) through March 31, 2005, saving Oregon students more than \$1.5 million.

The guarantee fee is a one-percent loan insurance fee that guarantee agencies are authorized to charge borrowers under the terms of FFELP. The fee is deducted from loan proceeds the student or parent receives and guarantors use the funds to cover administrative costs associated with insuring the loan. There is currently a trend in the industry to reinstate the fee. In light of rising tuition costs, OSAC felt it was more important to give students as much money as possible to pay for school.

The extension of the “zero guarantee fee” will apply to all OSAC-guaranteed FFELP loans (regardless of income, year in school, or type of postsecondary institution) through March 31, 2005. As college costs have increased, a greater number of students and their families have borrowed money as a way to pay for postsecondary education. About 30,000 Oregon college and university students participate in FFELP, mainly in the Stafford Loan and Parent Loans for Undergraduate Students (PLUS) programs.

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OSAC, created by the Legislature in 1959, coordinates a variety of state, federal, and privately funded student financial aid programs for the benefit of Oregonians attending institutions of postsecondary education. For the 2003-2004 academic year, OSAC administered almost \$10 million in scholarships for Oregonians and more than \$17 million in grants for low-income Oregonians. Since inception of the lending program, OSAC has guaranteed more than \$2.2 billion in student loans to help Oregonians pay for college. For more information about OSAC, visit [www.osac.state.or.us](http://www.osac.state.or.us) <<http://www.osac.state.or.us>>.

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