

PRESS RELEASE

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U.S. Department of Education Announces 2005 Cohort Default Rates

Bismarck, ND – The U.S. Department of Education recently announced cohort default rates for fiscal year 2005. Student Loans of North Dakota (SLND) – Guarantor received high marks with an official rate of 3.3 percent, compared with the national average of 4.6 percent. The figure represents the composite rate for both the Federal Family Education Loan Program (FFELP) and the Federal Direct Student Loan Program. The cohort default rate represents the number of student loan borrowers who enter repayment during the 12-month period ending September 30 and default by September 30 of the following year.

“The recent statistics reinforce what we already know,” said Bank of North Dakota president, Eric Hardmeyer. “North Dakota students take higher education and their repayment responsibilities seriously. This reflected in the fact that North Dakota continues to have one of the lower default rates in the nation.”

Default, or failure to repay government secured student loans, leads to negative marks on credit reports, a loss of income tax refunds, garnishment of wages, up to a 25 percent penalty and the loss of financial aid eligibility until the default is cleared up. To prevent defaults, SLND-Guarantor suggests that students: 1) Maintain a current address with their lender, 2) Contact lenders if you are returning to school in order to take advantage of in-school deferments or the postponement of payments, and, 3) If you are having financial difficulties, contact your lender at once for available options. You may qualify for a postponement of payments or may want to consider another repayment plan to provide some financial relief.

“Part of our low default rate is attributed to the partnerships maintained between our schools, lenders and guarantor,” said Julie Kubisiak, Director of Student Loans of North Dakota. “Our students, however, deserve most of the credit. They understand the importance of repayment and with our ability to work independently with each student they are more likely to meet their obligation.”

SLND is administered by Bank of North Dakota and offers a variety of loan programs to help students and parents finance a college education.

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