



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Local Iowa Financial Institutions Lauded for Funding Needed Student Loans

Creativity and community commitment help Iowans avert crisis.

WEST DES MOINES, IOWA – Sept. 2, 2008 – More than 100 banks and credit unions are playing a critical role to ensure that Iowa students have the money necessary to help pay for college this fall. This year, Iowa Student Loan – along with other student loan providers – was unable to access the financial markets as a result of national credit market turmoil. Iowa lenders responded to Iowa Student Loan's requests to provide funding, thus mitigating the impact of potential student loan shortages in Iowa for both federal and private student loans.

Turmoil in the national financial markets first began limiting funds for home mortgages in 2007 and then began to dramatically reduce available funds for student loans earlier this year. In response, Iowa Student Loan began working with Iowa-based community financial institutions to find funding alternatives for needed student loans. Nearly one hundred institutions agreed to fund and hold federally guaranteed student loans for Iowans. As a result, many Iowa college students will be able to secure federal loans for the 2008-2009 academic year.

This summer, federal legislation was passed that increased individual unsubsidized Stafford Loan limits by \$2,000 a year. However, many students are still in need of private education loans to complete their education funding requirements after they exhaust all other available aid. These students have been finding it increasingly difficult to secure private loans to cover the gap as many financial institutions have discontinued their private loan programs or have increased their requirements for credit.

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Iowa Student Loan responded to this situation by working with Iowa financial institutions to create the Iowa Alliance Private Student Loan Program to fund a limited number of non-guaranteed private loans for students who have no other source of financing to continue their education this year. A total of 16 lenders have pooled nearly \$20 million that will be allocated to Iowa residents attending eligible Iowa colleges and universities.

"We are heartened by the positive response we have received from Iowa financial institutions on both federal loan funding and the private Alliance program," said Steve McCullough, president and CEO of Iowa Student Loan. "In the face of this national turmoil, Iowa lenders made students and their community a priority by pulling together in an innovative way to help students pursue their education dreams. Iowans are fortunate we have financial institutions willing to go the extra mile to keep college accessible for our students in light of unprecedented financial challenges."

"At the same time we must recognize that the Alliance program has only limited funding for students, for this year. In addition, federal loan program funding issues have only been addressed for this year," added McCullough. "We have begun working on ways to address these concerns for 2009-2010."

Students interested in learning more about the Alliance loan program and eligibility requirements should check with the financial aid office at their respective school.

To acknowledge Iowa lenders who have played a role in ensuring college access for Iowa students, Iowa Student Loan will be placing ads in newspapers across the state. Without these lenders' dedication to building Iowa's future, students could not be as confident about funding their education.

About Iowa Student Loan: The mission of Iowa Student Loan, as the state's designated secondary market for student loans, is to help students and parents obtain the necessary financial resources for a higher education. Since its inception in 1981, the private non-profit corporation has helped nearly 300,000 students and parents. For more information, visit www.studentloan.org.

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