

## BANK OF NORTH DAKOTA “CRUNCH FACTS”

### The Credit Crunch and Student Loans

#### **Don't React Before Getting the Facts**

Despite some troubling reports in the media, students will be able to borrow federal student loans and receive financial aid this fall. The federal government and student loan companies such as Bank of North Dakota (BND) have assured colleges that they will not allow recent developments in the credit markets to prevent students from getting loans. Below is a list of myths and facts about the availability of student aid for fall 2008.

#### **MYTH**

Financial aid will not be available to students this fall because troubles in the real estate lending industry have affected student aid.

#### **FACT**

Financial aid will be available to students. The credit crunch caused by troubles in the real estate lending industry has no effect on most financial aid including (but not limited to) Pell Grants, Federal Work Study, and education tax benefits. Bank of North Dakota continues to offer a variety of student loan options to assist students and their families pursue their educational goals.

#### **MYTH**

Students won't be able to get federal student loans due to the credit crunch.

#### **FACT**

Students should have no problem getting federal student loans.

#### **MYTH**

Students won't be able to get private or alternative student loans due to the credit crunch.

## **FACT**

Only a few students (some estimate as few as %5) will have trouble getting private or alternative education loans. BND offers the Dakota Education Alternative Loan (DEAL) which has competitive rates and zero fees for North Dakota students.

## **MYTH**

Students with too much money don't qualify for federal student loans.

## **FACT**

Students can borrow federal Stafford loans no matter how much money they have. Needier students may be eligible for additional financial aid.

## **MYTH**

Students with bad or no credit can't borrow student loans.

## **FACT**

Students can borrow federal loans even if they have bad credit or no credit.

## **MYTH**

If school costs more than federal loans provide, students have to borrow private loans.

## **FACT**

Federal, state and local governments offer a wide range of financial aid for students. Professionals in the financial aid office can recommend many options including (but not limited to) Federal Perkins, PLUS Loans, grants, scholarships, saving and payment plans. Private loans should only be used as a last resort.