



NYU Student Lending Update

There have been reports in the media, some disturbing, about the availability of, and access to, student loans. As a result, we wanted to take this opportunity to inform students that our sources advise us that students will continue to be able to obtain federal student loans and receive financial aid this fall. The federal government and many student loan companies have assured colleges that they will not allow recent developments in the credit markets to prevent students from getting loans. Further, NYU has reached out to the lenders it works with most regularly and they, too, have assured us of their commitment to provide loans for our students. Below are some “Myths” and “Facts” that we hope you find useful in your planning for the upcoming academic year. Please feel free to visit our Office of Financial Aid web site at www.nyu.edu/financial.aid for further information that may become available.

MYTH

Student financial aid will not be available to students this fall because of the effects that have resulted from the sub-prime mortgage situation within the real estate lending industry.

FACT

The “credit crunch” caused by troubles in the real estate lending industry has no bearing on most types of financial aid, including (but not limited to) Pell Grants, Federal Work Study, NYU scholarships and education tax benefits. While it does affect the student loan industry, various lenders and the U.S. Department of Education have assured schools and students that their federal loan programs will continue in the future.

MYTH

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

FACT

Many well-respected lenders have indicated that they will continue to provide students with federal student loans (if the student is otherwise eligible). The federal loans that are of most concern are the Federal Stafford and Federal PLUS loan programs. Although some lenders have determined that it is no longer profitable enough to continue offering these loans, most lenders appear to continue to be firmly committed to students and the federal family education loan programs. Students continue to have a wide range of lenders from which to choose. (To learn more about how to select an appropriate lender, please go to www.nyu.edu/financial.aid/lenders.html)

MYTH

Students won't be able to get private or alternative (non-federal) student loans due to the credit crunch.

FACT

Because non-federal loans require more risk for lenders, some lenders are exercising additional caution. Some lenders have tightened their credit policies with regard to alternative (non-federal) student loans; others have limited their loan product availability. Students at NYU are not considered high risk to lenders, thus most remain firmly committed to assisting most students from the general population of NYU.

MYTH

Students with bad or no credit are not eligible to borrow student loans.

FACT

Students can borrow Federal Stafford/Unsubsidized Stafford loans even if they have bad credit or have not established credit, as long as they are otherwise eligible and not in default on prior federal loans. As has always been the case, parents and students may have difficulty qualifying for a private loan if their credit is not strong. If that is the case, lenders may make loans available if you are able to obtain a credit worthy co-borrower.