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NEWS RELEASE

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La. Education Loan Authority will pay student's share of new student loan fee

BATON ROUGE— The Louisiana Education Loan Authority (Lela) announced today it will pay the mandatory "Federal Default Fee" of 1 percent required under new rules for federally backed student loans on behalf of Lela's Stafford student borrowers. If Lela's loan volume remains constant, Lela estimates that by paying the fee between July 1, 2006, and June 30, 2007, over 30,000 Louisiana student borrowers will benefit and save more than \$1 million collectively.

The new 1 percent Default Fee is included in the Deficit Reduction Act of 2005, which makes a number of other changes to federally backed student loans. This new fee and some other provisions of the law take effect on July 1, 2006.

"By paying this new fee as well as other federally required origination fees, Lela is happy to announce the we can continue to offer 'NO FEE Loans' to our student borrowers and provide them with more dollars upfront when they need it most," said Tricia Dubroc, vice president of student loans and administration for Lela.

"Rising interest rates, the new fee and other changes will make it more costly for many students and parents to borrow for college," said Dubroc. "Our goal at Lela is to provide a range of incentives that help Louisiana students and parents cut the cost of their education loans. Students and parents who shop around for education loans will find that they can reduce the cost of borrowing through Lela."

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Federally backed student loans are available to students and parents regardless of family income. However, the federal government will subsidize loans for qualified needy students. The federal government also sets limits on how much can be borrowed each year.

Lela's SuperTop program will reduce the federal interest rate by 3 percent for students and parents who make 36 consecutive timely payments immediately upon entering repayment. A further interest rate reduction applies if borrowers sign up to pay by auto-debit. In addition, Lela's Graduates Choose Louisiana Reward Program offers rebates totaling up to 6 percent of the Stafford loan principal amount to students who live and work in Louisiana after graduation. Students who take advantage of all savings offered under Lela's SuperTop program can save over 65 percent in interest and fees. Parents who take advantage of all savings offered by Lela can save over 45 percent in interest and fees.

Lela—the student loan division of the Louisiana Public Facilities Authority—is one of Louisiana's largest providers of student loans. As a nonprofit organization, Lela acquires money for student loans through tax-exempt bond sales allocated by the Governor's Office and approved by the Louisiana State Bond Commission.

For more information about student loans, students and parents should call the Louisiana Education Loan Authority toll-free at 1-800-228-4755 or visit Lela's Web site at <http://www.lela.org>.

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