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MHESAC and SAF Report Lowest Borrower Default Rate in a Decade

(HELENA) The Montana Higher Education Student Assistance Corporation (MHESAC) and Student Assistance Foundation (SAF) logged a 2.6 percent borrower default rate for the 2005 federal fiscal year, according to a report released by the U.S. Department of Education.

That's down from a default rate of 6 percent the previous year, and well below the national rate of 4.6 percent, according to Lowell Wollitz, SAF's executive vice president of Borrower Services. Wollitz added that MHESAC and SAF's default rate has been as high as 9 percent during the past 10 years.

"That's an impressive decline," Wollitz said. "And it's good news for everyone, most notably our borrowers. It demonstrates a high level of responsibility on their part in respect to student loan repayment."

The 2005 rate is the most recent rate available because it is calculated by determining the percentage of borrowers who began repaying their loans between Oct. 1, 2004 and Sept. 30, 2005, and who defaulted before Sept. 30, 2006.

Wollitz credits the decrease in the number of borrower defaults to a variety of factors, including that MHESAC and SAF believe strongly in educating customers about debt management and counseling them on how to avoid defaulting on their student loan obligations.

"That's a key philosophy to have now that student loans figure so prominently in paying for postsecondary education," Wollitz said. "We believe it's our obligation to help our customers succeed in their education and their finances."

Student Assistance Foundation is a 501(c)(3) nonprofit Montana corporation that provides students with knowledge and tools to finance and pursue their postsecondary education. Funds generated by SAF are returned to Montanans in the form of education grants and public benefit programs - to date more than \$10 million. For more information, visit www.safmt.org.

Montana Higher Education Student Assistance Corporation is a 501(c)(3) nonprofit corporation organized under Section 150(d) of the U.S. Tax Code. MHESAC is dedicated to ensuring access to student loans and lowering the cost of financing postsecondary education by providing capital in the Federal Family Education Loan Program (FFELP) student loan secondary market, loan origination activities and borrower rebate programs. For more information, visit www.mhesac.org.