New York Higher Education Loan Program

2014 Annual Report

Submitted by

New York State Higher Education Services Corporation

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2014 Report:
New York Higher Education Loan Program (NYHELPs)

Introduction

The New York Higher Education Loan Program (NYHELPs) is a state-sponsored student loan program established in April 2009, following the New York State Commission on Higher Education's recommendation for the creation of a low-cost student loan program for residents attending college in New York State. In its Final Report findings, the Commission cited that the absence of such a program limited New York State students' college financing options, potentially inhibiting access or contributing to the accumulation of high-interest debt.

As set forth in Education Law and Public Authorities Law, respectively, the Program is administered by the New York State Higher Education Services Corporation (HESC) and is financed through federally tax-exempt bonds issued by the State of New York Mortgage Agency (SONYMA), doing business as the Higher Education Finance Authority (HEFA).

Other key participants in the Program include Firstmark Services, the Program's loan servicer, and M&T Bank, which initially served as a Program lender and continues to serve as the Trustee responsible for safeguarding the Program's loan pool funds. Other original participants in the program include: Pioneer Savings Bank, which served as a Program lender; Element K, developer of the Program's financial literacy platform; Bank of America Securities/Merrill Lynch and Morgan Stanley, which both served as the Program's bond underwriters; and Hawkins, Delafield & Wood, LLP, which served as bond counsel.

HESC began accepting Program applications on December 21, 2009 and, pursuant to section 694-b of the Education Law, must report annually with respect to education loans made under the Program. Due to the suspension of the Program in 2012-13, no new loans were originated during the academic year. This Report details the activity for the 2013-14 academic year, beginning July 1, 2013 and ending June 30, 2014, as well as the cumulative Program activities for the 2009-10 through the 2013-14 academic years.

Academic Years 2009-10 through 2013-14 Financing Activities

In December 2009, the State of New York Mortgage Agency (SONYMA) issued $97.8 million in bonds towards funding the origination of the first NYHELPs loans. Of the $97.8 million in bonds initially issued in 2009, $0.2 million was originated for the spring term of the 2009-10 academic year, $6.2 million was originated for the 2010-11 academic year and $7.1 million was originated for the 2011-12 academic year. In April 2011, $75 million was redeemed, allowing for approximately $15 million in continued funding for new loan originations for the 2011-12 academic year. In August 2012, $7.7 million was redeemed. This redemption represented the remaining funding capacity in the 2009 Series A bond financing. All loan funding was completed on May 1, 2012.

Academic Year 2013-14 Loan Activity

No new loans were originated during the 2013-14 academic year.

(Academic Year)

Loan Amounts

- Annual maximum loan amounts are the lesser of:
  - Cost of attendance minus all other federal (excluding federal PLUS
  - loans), State, institutional and private aid; or
  - An annual maximum that varies by the year of the student:
    - Freshmen - $10,000
    - Sophomores - $15,000
    - Juniors, seniors and graduate students - $20,000
- Aggregate maximum loan amounts of:
  - $20,000 for undergraduates at 2-year institutions
  - $50,000 for undergraduates at 4-year institutions
  - $70,000 for undergraduate and graduate study combined
- The annual minimum loan(s) amount is $2,000.

Eligibility Requirements

- Borrowers must be both a New York State resident and a U.S. citizen or an eligible non-citizen.
- Students must be matriculated at least half time at a participating New York State college.
- Parents, legal guardians, and sponsors may borrow on behalf of a matriculated student attending a participating college.
- Students/borrowers must exhaust all federal (excluding federal PLUS loans), State, and institutional aid.
- Students must meet federal satisfactory academic progress standards.

Cosigners

- A student borrower must have at least one primary cosigner with an established credit history and good credit rating.
- A cosigner must be a New York State resident and a U.S. citizen or an eligible non-citizen.
- A second cosigner, residing in the same household as the first cosigner, may be added to further help a borrower qualify for a loan.
- If available at the time of application, a borrower may apply to release a cosigner after making 48 consecutive on-time payments after the student leaves college.

* Due to the suspension of the Program in 2012-13, no new loans were originated during the academic year.

Repayment

- Three repayment options are available to student borrowers.
    - **Full Deferment:** Loan principal and interest is deferred during the in college period and the six-month grace period.
    - **Interest-Only:** Interest-only payments are made by the borrower during the in-college period and the six-month grace period. Principal and interest payments commence at the end of the grace period.
    - **Immediate Repayment:** Repayment of principal and interest begins immediately.
- All non-student borrowers must pay principal and interest while the student is in college.
- Repayment terms are based on the cumulative loan balance, with a standard 10-year repayment term. This repayment term is extended for higher cumulative balances for the portion of the borrower's balance exceeding the prescribed threshold. Extended payments must be requested by the borrower and must have cosigner approval at the time of application.

NYHELPs
New York Higher Education Loan Program

Table 1:   2013-14 NYHELPs Loans*
(Academic Year)

Statutorily Requested Information	Characteristic	Number of Students**
1. The Interest Rate Charged	7.55% for Immediate Repayment 8.25% for Interest Only Repayment 8.75% for Full Deferment	0 0 0
2. The Default Fees Established	**Student Borrowers** Immediate Repayment: 4%: FICO = 740+ 5%: FICO = 700-739 6%: FICO = 660-699 Interest Only: 5%: FICO = 740+ 6%: FICO = 700-739 7%: FICO = 660-699 Full Deferment: 7%: FICO = 660+ **Non-Student Borrowers** Immediate Repayment: 4%: FICO = 760+ 8%: FICO = 720-759	 0 0 0 0 0 0 0 0 0
3. Collection Fee Established	15.65% of payment received	0
4. Grace Period Established if Other than Six Months	N/A	N/A
5. Number of Students Who Received Loans that Demonstrated Financial Need (Pursuant to Section 692 of the Education Law)	N/A	0
6. Income Established by the Corporation (Pursuant to Section 692 of the Education Law)	Less than or equal to $80,000 NTI	0
7. Number of Students Who Received Fixed-Rate Loans	N/A	0
8. Number of Students Who Received Variable-Rate Loans	N/A	None
9. Number of Default Claims Received by the Corporation	N/A	2
10. Number of Borrowers Subject to Administrative Wage Garnishment	N/A	None
11. A List of the Lenders and Holders, if Known, Who have Provided Variable-Rate Loans	N/A	None

* Due to the suspension of the Program in 2012-13, no new loans were originated during the academic year.
**Student counts are unduplicated within each detail or total line as appropriate. This may result in student counts for detail lines not summing to total lines.

NYHELPs
New York Higher Education Loan Program

Table 1A: 2009-10 (Spring Term Only) through 2013-14 NYHELPs Loans
(Academic Year)

Statutorily Requested Information	Characteristic	Number of Students*
1. The Interest Rate Charged	7.55% for Immediate Repayment 8.25% for Interest Only Repayment 8.75% for Full Deferment	408 398 683
2. The Default Fees Established	**Student Borrowers** Immediate Repayment: 4%: FICO = 740+ 5%: FICO = 700-739 6%: FICO = 660-699 Interest Only: 5%: FICO = 740+ 6%: FICO = 700-739 7%: FICO = 660-699 Full Deferment: 7%: FICO = 660+ **Non-Student Borrowers** Immediate Repayment: 4%: FICO = 760+ 8%: FICO = 720-759	263 83 51 282 71 45 683 10 4
3. Collection Fee Established	15.65% of payment received	0
4. Grace Period Established if Other than Six Months	N/A	N/A
5. Number of Students Who Received Loans that Demonstrated Financial Need (Pursuant to Section 692 of the Education Law)	N/A	993
6. Income Established by the Corporation (Pursuant to Section 692 of the Education Law)	Less than or equal to $80,000 NTI	993
7. Number of Students Who Received Fixed-Rate Loans	N/A	1,457
8. Number of Students Who Received Variable-Rate Loans	N/A	None
9. Number of Default Claims Received by the Corporation	N/A	2
10. Number of Borrowers Subject to Administrative Wage Garnishment	N/A	None
11. A List of the Lenders and Holders, if Known, Who have Provided Variable-Rate Loans	N/A	None

* Student counts are unduplicated within each detail or total line as appropriate. This may result in student counts for detail lines not summing to total lines. Cumulative totals are comprised of the number of unique loans made during each academic year; however, students receiving loans in multiple academic years are separately counted for each year in which a unique loan was received.

Table 2: NYHELPs Participating Colleges

Albany College of Pharmacy	LeMoyne College	SUNY Purchase
Albany Medical College*	Long Island University	Syracuse University
Alfred State	Manhattan College	The Juilliard School*
Adelphi University	Manhattanville College	The King's College*
Berkeley College	Maria College	The Sage Colleges
Bryant & Stratton College	Marymount Manhattan College	Trocaire College
Canisius College	Medaille College	Union College
Cazenovia College	Mercy College	Union Graduate College*
Clarkson University	Metropolitan College of NY*	University at Albany, SUNY
Colgate University	Mohawk Valley CC	University at Buffalo, SUNY
College of Mount St. Vincent	Molloy College	Univ of Roch. - Eastman Sch. of Music
College of New Rochelle	Mount Saint Mary College	University of Rochester
College of Saint Rose	New York Institute of Technology	Utica College of Syracuse University
College of Westchester*	New York School of Interior Design	Utica School of Commerce*
Concordia College*	New York University	Vassar College
Cooper Union*	Niagara University	Villa Maria College
Culinary Institute of America	Olean Business Institute*	Wells College
Daemen College	Onondaga CC	
Dominican College of Blauvelt	Pace University	
Dowling College	Paul Smiths College	
D'Youville College	Phillips Beth Israel School of Nursing	
Elmira Business College*	Polytechnic Institute	
Elmira College	Rochester Institute of Technology	
Empire State College	Sarah Lawrence College	
Farmingdale State College	Samaritan Hospital School of Nursing*	
Fashion Institute of Technology	Siena College	
Five Towns College	Skidmore College	
Fordham University	St. John's University	
Fulton Montgomery C.C.*	St. Joseph's College	
Genesee C.C.*	St. Joseph's College of Nursing	
Hartwick College	St. Lawrence University	
Helene Fuld College of Nursing*	Stony Brook University	
Hobart and William Smith College	SUNY College of Tech. at Canton	
Hofstra University	SUNY Cobleskill	
Houghton College	SUNY Cortland	
Hudson Valley C.C.	SUNY New Paltz	
Iona College	SUNY Oswego	
Keuka College	SUNY Plattsburgh	

*No loans were made at these participating colleges in any academic year.

Table 3A: NYHELPs Academic Years
2009-10 (Spring Term Only) through 2013-14[1]
Independent Colleges and Universities*

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	317	329	$ 2,865,137	$ 8,709
8.25	277	285	$ 2,712,496	$ 9,518
8.75	496	518	$ 4,959,717	$ 9,575
Default Fee (%)				
4	213	221	$ 1,916,594	$ 8,672
5	268	274	$ 2,598,439	$ 9,483
6	85	88	$ 734,785	$ 8,350
7	524	546	$ 5,245,261	$ 9,607
8	3	3	$ 42,270	$ 14,090
Student's Family Income (AGI)*				
<$30,000	251	267	$ 2,301,501	$ 8,620
$30,000 - $59,999	161	172	$ 1,291,494	$ 7,509
$60,000 - $96,999	333	340	$ 3,240,874	$ 9,532
>=$97,000	340	353	$ 3,703,480	$ 10,491
Residence of Borrower				
Upstate	891	942	$ 8,616,480	$ 9,147
NYC & Long Island	181	190	$ 1,920,869	$ 10,110
TOTAL	1,071	1,132	$ 10,537,349	$ 9,309

* $97,000 AGI = $80,000 NTI
for a family of four

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[1] Cumulative totals are comprised of the number of unique loans made during each academic year; however, students receiving loans in multiple academic years are separately counted for each year in which a unique loan was received.

* Due to the suspension of the Program in 2012-13, no new loans were originated during the 2013-14 academic year.

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Table 3B: NYHELPs Academic Years
2009-10 (Spring Term Only) through 2013-14[2]
State University of New York (SUNY)

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	89	92	$ 622,830	$ 6,770
8.25	114	116	$ 873,074	$ 7,527
8.75	183	191	$ 1,450,239	$ 7,593
Default Fee (%)				
4	59	61	$ 439,168	$ 7,199
5	92	94	$ 687,797	$ 7,317
6	35	37	$ 264,900	$ 7,159
7	198	206	$ 1,547,394	$ 7,512
8	1	1	$ 6,884	$ 6,884
Student's Family Income (AGI)				
<$30,000	64	67	$ 478,179	$ 7,137
$30,000 - $59,999	49	51	$ 331,889	$ 6,508
$60,000 - $96,999	131	137	$ 1,000,414	$ 7,302
>=$97,000	138	144	$ 1,135,661	$ 7,887
Residence of Borrower				
Upstate	306	328	$ 2,394,116	$ 7,299
NYC & Long Island	68	71	$ 552,027	$ 7,775
TOTAL	374	399	$ 2,946,143	$ 7,384

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[2] Cumulative totals are comprised of the number of unique loans made during each academic year; however, students receiving loans in multiple academic years are separately counted for each year in which a unique loan was received.

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Table 3C: NYHELPs Academic Years
2009-10 (Spring Term Only) through 2013-14[3]
Proprietary Degree-Granting Institutions

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	2	2	$ 9,600	$ 4,800
8.25	7	7	$ 64,940	$ 9,277
8.75	4	5	$ 43,300	$ 8,660
Default Fee (%)				
4	1	1	$ 3,000	$ 3,000
5	5	5	$ 45,440	$ 9,088
6	1	1	$ 6,600	$ 6,600
7	6	7	$ 62,800	$ 8,971
8	0	0	$ 0	$ 0
Student's Family Income (AGI)				
<$30,000	3	3	$ 27,000	$ 9,000
$30,000 - $59,999	2	2	$ 12,800	$ 6,400
$60,000 - $96,999	6	6	$ 42,540	$ 7,090
>=$97,000	3	3	$ 35,500	$ 11,833
Residence of Borrower				
Upstate	7	7	$ 64,540	$ 9,220
NYC & Long Island	6	7	$ 53,300	$ 7,614
TOTAL	13	14	$ 117,840	$ 8,417

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[3] Cumulative totals are comprised of the number of unique loans made during each academic year; however, students receiving loans in multiple academic years are separately counted for each year in which a unique loan was received.

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Table 3D: NYHELPs Academic Years
2009-10 (Spring Term Only) through 2013-14[4]
All College Sectors

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	408	423	$ 3,497,567	$ 8,268
8.25	398	408	$ 3,650,510	$ 8,947
8.75	683	714	$ 6,453,256	$ 9,038
Default Fee (%)				
4	273	283	$ 2,358,762	$ 8,335
5	365	373	$ 3,331,676	$ 8,932
6	121	126	$ 1,006,285	$ 7,986
7	728	759	$ 6,855,455	$ 9,032
8	4	4	$ 49,154	$ 12,289
Student's Family Income (AGI)				
<$30,000	318	337	$ 2,806,680	$ 8,328
$30,000 - $59,999	212	225	$ 1,636,183	$ 7,272
$60,000 - $96,999	470	483	$ 4,283,828	$ 8,869
>=$97,000	481	500	$ 4,874,641	$ 9,749
Residence of Borrower				
Upstate	1,204	1,277	$11,075,136	$ 8,673
NYC & Long Island	255	268	$ 2,526,196	$ 9,426
TOTAL	1,458	1,545	$13,601,332	$ 8,803

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[4] Cumulative totals are comprised of the number of unique loans made during each academic year; however, students receiving loans in multiple academic years are separately counted for each year in which a unique loan was received.

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