

2012 Report:

New York Higher Education Loan Program (NYHELPS)



Submitted by
Higher Education Services Corporation

December 1, 2012



(THIS PAGE INTENTIONALLY LEFT BLANK)

2012 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 of the Program include M&T Bank, which serves as both a Program lender and the Trustee responsible for safeguarding the Program's loan pool funds; Pioneer Savings Bank, which serves as a Program lender; Firstmark Services, the Program's loan servicer; Element K, developer of the Program's financial literacy platform; Bank of America Securities/Merrill Lynch and Morgan Stanley, which both serve as the Program's bond underwriters; and Hawkins, Delafield & Wood, LLP, serving 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. This Report details activities with respect to education loans made under the Program for the 2011-12 academic year, beginning July 1, 2011 and ending June 30, 2012.

Academic Year 2011-12 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 were originated for the spring term of the 2009-10 academic year, \$6.2 million were originated for the 2010-11 academic year and \$7.1 million were 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, \$7.6 million was redeemed. This represented the remaining funding capacity in the 2009 Series A bond financing. All loan funding was completed on May 1, 2012.

Academic Year 2011-12 Loan Activity Highlights

- 769 students received loans totaling over \$7.1 million for the 2011-12 academic year;
- Students receiving loans attended 75 of the 93 participating colleges;
- 66 percent of the students came from households that met TAP income eligibility;
- 47 percent of students were in their freshmen or sophomore year;
- 51 percent of students were in their junior or senior year;
- 2 percent of students were pursuing graduate studies;
- 46 percent of certified student loans were deferred while in college;
- 23 percent of certified student loans required interest-only payments while in college;
- 31 percent of certified student loans required principal and interest payments while in college;
- The average certified loan amount was \$8,727*;
- The weighted average interest rate was 8.34%*; and,
- The weighted average fee rate paid was 5.98%*.

* Amount and percentages based on dollar amount; all other percent distributions above are based on the number of students and the number of loans.

2011-12 NYHELPS Program Highlights

(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.

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.

Table 1: 2011-12 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	178 249 362
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	110 31 28 166 51 32 362 8 1
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	509
6. Income Established by the Corporation (Pursuant to Section 692 of the Education Law)	<u>Less than or equal to \$80,000 NTI</u>	509
7. Number of Students Who Received Fixed-Rate Loans	N/A	769
8. Number of Students Who Received Variable-Rate Loans	N/A	None
9. Number of Default Claims Received by the Corporation	N/A	None
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.

Table 2: 2011-12 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 M
College of New Rochelle	Mount Saint Mary College	University of Rochester
College of Saint Rose	New York Institute of Technology	Utica College of Syracuse Universi
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	

**Table 3A: NYHELPS Academic Year 2011-12
Independent Colleges and Universities**

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	126	131	\$ 1,142,331	\$ 8,720
8.25	163	170	\$ 1,599,504	\$ 9,409
8.75	241	252	\$ 2,419,587	\$ 9,602
Default Fee (%)				
4	83	88	\$ 781,548	\$ 8,881
5	137	141	\$ 1,327,286	\$ 9,413
6	51	54	\$ 452,457	\$ 8,379
7	258	269	\$ 2,591,631	\$ 9,634
8	1	1	\$ 8,500	\$ 8,500
Student's Family Income (AGI)*				
<\$30,000	118	126	\$ 1,101,299	\$ 8,740
\$30,000 - \$59,999	78	86	\$ 648,290	\$ 7,538
\$60,000 - \$96,999	157	159	\$ 1,535,107	\$ 9,655
>=\$97,000	173	182	\$ 1,876,726	\$ 10,312
Residence of Borrower				
Upstate	431	461	\$ 4,221,784	\$ 9,158
NYC & Long Island	89	92	\$ 939,638	\$ 10,213
TOTAL	519	553	\$ 5,161,422	\$ 9,333

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

Table 3B: NYHELPS Academic Year 2010-11
State University of New York (SUNY)

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	51	53	\$ 379,215	\$ 7,155
8.25	81	82	\$ 601,107	\$ 7,331
8.75	118	125	\$ 958,581	\$ 7,669
Default Fee (%)				
4	34	36	\$ 275,865	\$ 7,663
5	57	58	\$ 403,030	\$ 6,949
6	27	28	\$ 216,572	\$ 7,735
7	131	138	\$ 1,043,436	\$ 7,561
8	0	0	0	0
Student's Family Income (AGI)				
<\$30,000	46	48	\$ 366,788	\$ 7,641
\$30,000 - \$59,999	32	34	\$ 217,715	\$ 6,403
\$60,000 - \$96,999	78	82	\$ 612,956	\$ 7,475
>=\$97,000	91	96	\$ 741,444	\$ 7,723
Residence of Borrower				
Upstate	194	209	\$ 1,537,676	\$ 7,357
NYC & Long Island	48	51	\$ 401,227	\$ 7,867
TOTAL	242	260	\$ 1,938,903	\$ 7,457

**Table 3C: NYHELPS Academic Year 2010-11
Proprietary Degree-Granting Institutions**

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	1	1	\$ 3,000	\$ 3,000
8.25	5	5	\$ 46,940	\$ 9,388
8.75	3	4	\$ 32,300	\$ 8,075
Default Fee (%)				
4	1	1	\$ 3,000	\$ 3,000
5	3	3	\$ 27,440	\$ 9,147
6	0	0	0	0
7	5	6	\$ 51,800	\$ 8,633
8	0	0	\$0	\$0
Student's Family Income (AGI)				
<\$30,000	2	2	\$ 17,000	\$ 8,500
\$30,000 - \$59,999	1	1	\$ 4,800	\$ 4,800
\$60,000 - \$96,999	4	4	\$ 24,940	\$ 6,235
>=\$97,000	3	3	\$ 35,500	\$ 11,833
Residence of Borrower				
Upstate	4	4	\$ 39,940	\$ 9,985
NYC & Long Island	5	6	\$ 42,300	\$ 7,050
TOTAL	9	10	\$ 82,240	\$ 8,224

**Table 3D: NYHELPS Academic Year 2010-11
All College Sectors**

	No. of Students	No. of Loans	Certified Approved Dollars	Average Loan
Interest Rate (%)				
7.55	178	185	\$ 1,524,546	\$ 8,241
8.25	249	257	\$ 2,247,551	\$ 8,745
8.75	362	381	\$ 3,410,468	\$ 8,951
Default Fee (%)				
4	118	125	\$ 1,060,413	\$ 8,483
5	197	202	\$ 1,757,756	\$ 8,702
6	78	82	\$ 669,029	\$ 8,159
7	394	413	\$ 3,686,867	\$ 8,927
8	1	1	\$ 8,500	\$ 8,500
Student's Family Income (AGI)				
<\$30,000	165	176	\$ 1,485,087	\$ 8,438
\$30,000 - \$59,999	111	121	\$ 870,805	\$ 7,197
\$60,000 - \$96,999	239	245	\$ 2,173,003	\$ 8,869
>=\$97,000	267	281	\$ 2,653,670	\$ 9,444
Residence of Borrower				
Upstate	628	674	\$ 5,799,400	\$ 8,604
NYC & Long Island	142	149	\$ 1,383,165	\$ 9,283
TOTAL	769	823	\$ 7,182,565	\$ 8,727