

# CIC Partnering to Fill the Student Loan Gap

Student Loan Policy Changes & Impacts on Schools and Lenders

# OB3 Changes

- Modifies Loan Limits
- Eliminates Grad PLUS loans
- Modifies Parent PLUS loans
- Creates graduate vs professional degree limits
- Allows institutions to determine program level loan limits
- Requires institutions to prorate loans in direct proportion to the percent of full-time status the student is enrolled
- Grandfather Provision: Existing students (those who enter school before July 1, 2026 and have a Grad PLUS loan) may continue to borrow within the current loan structure for up to an additional 3 years or the remainder of their expected time to credential.

# Loan Changes for Graduate/Professional Students

- Determines current annual \$20,500 Stafford loan limit for students in graduate programs
- Establishes annual borrowing limit of \$50,000 for students in professional programs
  - Limits the definition of professional degree solely to distinguish eligibility for higher loan limits
  - Must be enrolled in a program leading to a professional degree and may not receive Title IV aid as an undergraduate for the same period of enrollment
  - NPRM limits list to 11 CIP groupings of professional programs. However, all programs within their corresponding CIP groupings that lead to licensure and meet doctoral/professional requirements also meets the definition.
    - Pharmacy (PharmD)
    - Dentistry (DDS or DMD)
    - Veterinary Medicine (DVM)
    - Chiropractic (DC or DCM)
    - Law (LLB or JD)
    - Medicine (MD)
    - Optometry (OD)
    - Osteopathic Medicine (DO)
    - Podiatry (DPM, DP, PodD)
    - Theology/Ministry (MDiv or MHL)
    - Clinical Psychology (PsyD)

# Loan Changes for Graduate/Professional Students

- Creates aggregate borrowing limits of \$100,000 for students in graduate programs and \$200,000 for professional program borrowers
- Caps a student's lifetime borrowing in federal loan program at \$257,500.
  - (Note: This week ED told NASFAA that Grad PLUS loans are included in this lifetime limit – need to see final rule or ED guidance – this is different than NPRM)

# Parent PLUS Program Changes

- Establishes an annual limit of \$20,000 per child
- Establishes a lifetime cap of \$65,000 per child
- Grandfather provision applies to parents for dependent student enrolled before July 1, 2026
- Parent PLUS (a/o July 1, 2026) limited to standard repayment plans. No longer eligible for most IDR plans. (May consolidate into an IDR eligible loan by June 30, 2026 to preserve certain IDR repayment options)

# Affect on States and Institutions

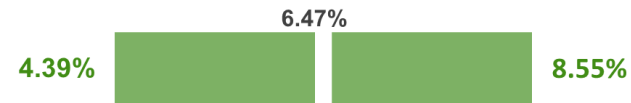
- Impact on states and institutions will vary depending upon many factors (state located, program of study, public, private, HBCU, MSI, and more)
- Research from Postsecondary Education & Economic Research Center (PEER Center) – How New Graduate Loan Limits Will Affect Colleges
  - (<https://peer-center.squarespace.com/research/graduate-loan-limits-colleges>)
- PEER also provides a Graduate Loan Limit Impact Explorer
  - (<https://www.peer-center.org/research/new-grad-limits-college-data-explorer>)
- Some students will receive private education loans with better terms and conditions than Grad PLUS
- Some students will not be able to obtain an affordable loan in the private marketplace
- Caution: Some lenders are lowering FICO score requirements and/or eligibility requirements—but at what cost to the student?

# For-Profit Versus Nonprofit/State-Based Education Loans

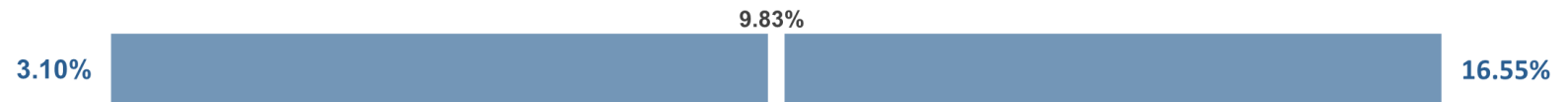
## Undergraduate Private Student Loan Average Fixed APRs

**EFC State-Based Nonprofit Providers** Compared to **For-Profit Providers**

**EFC State-Based Nonprofit Providers**



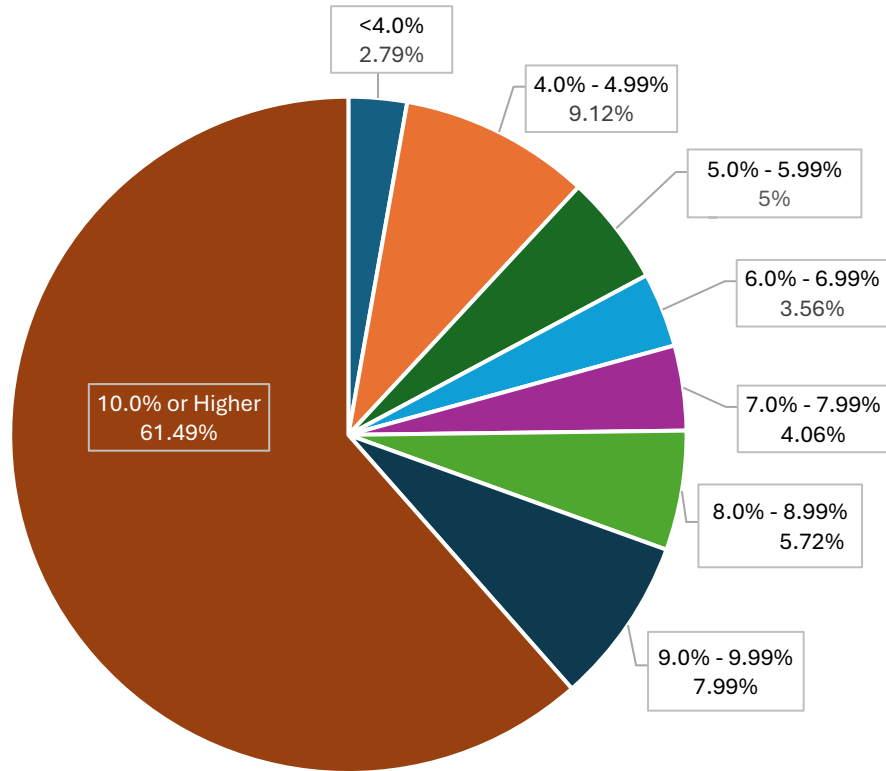
**For-Profit Providers**



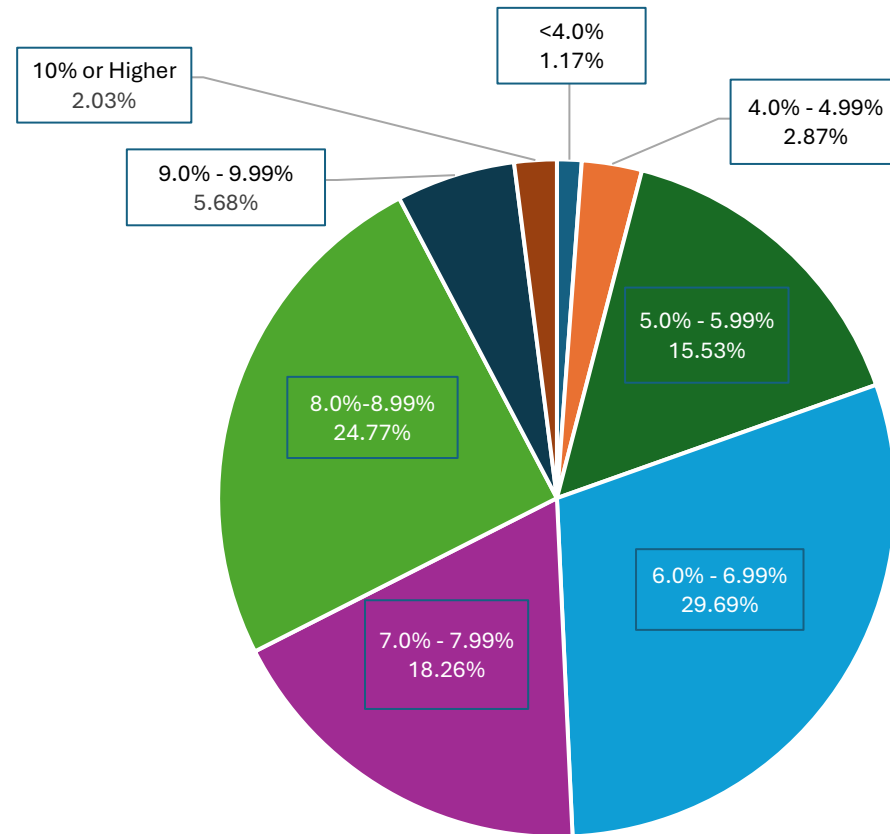
Last Updated - February 2026

The endpoints of the bars were created using the average of the respective endpoints. Data includes all EFC member nonprofit providers and the four most prominent for-profit providers (Citizens Bank, College Avenue, SallieMae, and SoFi). The midpoint is not the average rate that borrowers receive. Note: The published rates may include a 0.25 automatic payment discount. Additional benefits may be available through nonprofit providers.

Large For-Profit Lender  
% of Loans by Interest Rate



Nonprofit/State-Based Lenders  
% of Loans by Interest Rate



Award Year 2024-25 Data

<b>Borrower-Level Savings Analysis</b>	<b>Nonprofit/State-Based Student Loan</b>	<b>FSA Parent PLUS Loan</b>	<b>Large For-Profit Lender</b>
Average Unmet Need for Private Nonprofit Schools (AY 2024-25)	\$25,047	\$25,047	\$25,047
Applicable Loan Origination Fee	0.00%	4.228%	0.00%
Average Loan Amount, including Origination Fee	\$25,047	\$26,153	\$25,047
Applicable Borrower Interest Rate	6.50%	8.94%	11.39%
Applicable Borrower APR	6.50%	9.96%	11.39%
Assumed Term of Loan (Months)	120	120	120
Total Interest Paid by Borrower over Life of Loan	\$9,081	\$14,606	\$17,022
Add: Loan Origination Fees Paid by Borrowers (\$)	\$0	\$1,106	\$0
Total Interest and O-Fee Paid by Borrower Over Life of Loan	\$9,081	\$15,712	17,022
Estimated Interest & Fee Savings Per NFP Borrower (1 Loan)	N/A	\$6,631	\$7,941
Estimated Interest & Fee Savings Per NFP Borrower (4 Loans)	N/A	\$26,522	\$31,762

# Data Behind Cost Comparison Chart

- **Federal Parent PLUS Loan Interest Rates**

- Reset annually, based upon the first auction of 10-year T-Notes each May plus a spread of 4.60%, with a loan origination fee of 4.228%
- For AY 2025-26 the rate was set on May 6th at 8.94%, and has an estimated APR of 9.96%(assumes immediate repayment for 10 years)
- The average Parent PLUS Loan made to parents of students attending private, nonprofit schools in AY 2024-25 was \$25,047(<https://studentaid.gov/data-center/student/title-iv>)

- **Private Loan Interest Rates from Nonprofit / State Agency Lenders**

- NFP lenders offer “zero-fee”, immediate repayment loans with interest rates well below the rates on Parent PLUS and for-profit lender loans
- For AY 2025-26 NFP lenders are making such loans at rates between 5.50% and 7.50%, or 6.50% on average

- **Private Loan Interest Rates from For-Profit Lenders**

- Large for-profit lender’s published student loan APRs currently range from 2.89% to 17.49 (from the lenders website in November 2025)
- 70.5% of the large for-profit lender’s loans securitized during 2025 had interest rates of 9.0% or higher, and only 15.8% had interest rates below 7.0% (based on public securitization documents)
- The average interest rate on loans securitized by the large for-profit lender during 2025 is 11.39%

# Nonprofit Funding Restrictions

- Nonprofit providers issue bonds to fund their loan portfolios and are required by the Rating Agencies to utilize adequate loan underwriting/credit criteria; otherwise, the bonds cannot get rated.
- To date, the Rating Agencies are not recognizing the lower credit risk of high earning graduate study programs; we are pushing hard for this recognition.
- Some colleges are starting their own school-based loan programs funded from their endowments, with support from our servicing arm, Aspire Resources Inc.

**High Income Grad Programs  
(Iowa)**

**All Grad Programs  
(Other States)**

**Parent PLUS  
(Above Limit)**

Meet Credit Criteria	Meet Credit Criteria	Meet Credit Criteria
Need Credit Support	Need Credit Support	Need Credit Support

# Definitions

- Iowa High Income Grad Program Credit Criteria – above 660 FICO, no negative credit indication, current income requirement waived, under aggregate total borrowing limit
- Other Grad Program and Replacement for Parent PLUS Credit Criteria – above 660 FICO, no negative credit indications, Debt to Income ratio below 40%, requires current income credit support
- Credit Support – adding a cosigner or added college support
- College Support – additional institution scholarships or fees paid to lender to offset loan losses. \$1M in college support can fund \$1M in scholarships OR \$10M in additional loans