



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven  
Governor

Wayne Stenehjem  
Attorney General

Roger Johnson  
Agriculture Commissioner

For Immediate Release

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## **BND to Save Student Loan Borrowers Millions of Dollars** *Bank lowers interest rates on DEAL Loans*

BISMARCK – Effective April 1, 2009 Bank of North Dakota (BND) lowered interest rates to 6 percent on existing, fixed interest rate Dakota Education Alternative Loan (DEAL) loans for North Dakota residents. Also through Dec. 31, 2009, BND will cap all new fixed interest DEAL loans at 5.99 percent.

“Making college more affordable is not only an investment in our young people, but also an investment in a sustainable and well-educated workforce for the future,” said Gov. John Hoeven.

The interest rate reduction on existing loans will affect approximately 8,800 North Dakota residents on more than 15,000 loans. Interest rates on loans will be automatically reduced to 6 percent for the life of the loan. All borrowers’ loans with a fixed interest rate lower than 6 percent will be unaffected. Borrowers with variable interest rate loans, which are currently in the BND student loan portfolio at an interest rate of 2.96 percent, will remain unaffected by these changes.

“These changes to the DEAL program, coupled with BND’s continued commitment to pay the two percent administrative fee on DEAL loans for all students attending school in North Dakota, greatly reduce a student’s burden of debt,” said Attorney General Wayne Stenehjem. “Less fees and reduced rates on North Dakota’s alternative loan also help state colleges and universities recruit out-of-state students.”

“Estimated savings to students due to the lower interest rates is \$1.5 million in 2009 and \$ 2 million in 2010,” said Agriculture Commissioner Roger Johnson. “These cost saving measures are in addition to \$3.3 million BND already saves students each year by paying the origination and default fees and reducing borrower interest rates if they use the ACH payments method.”

“The 5.99 percent fixed interest rate for new applications along with BND’s 2.96 percent variable rate DEAL makes it a very competitive alternative loan option for students attending a North Dakota college

or university,” said BND President Eric Hardmeyer. “In the current education landscape it makes sense to permanently lower interest rates in our existing DEAL loan portfolio for North Dakota residents.”

BND began notifying eligible DEAL borrowers by mail on April 1, 2009.

The nation’s only state-owned bank, BND was established in 1919 to encourage and promote agriculture, commerce and industry in North Dakota. BND has been funding student loans for over 40 years. BND is overseen by the Industrial Commission of North Dakota, consisting of Gov. John Hoeven as Chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Roger Johnson.

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FURTHER INFORMATION: Shirley Glass, Associate Director of Student Loan Servicing at 328-5792