# Borrowers take advantage of Federal student loan interest rate change process to lock-in lowest rate on consolidation loans

(Lincoln, NE) - - Each summer, the Federal Reserve resets interest rates on Federal student loans. The new rates are calculated at the end of May and take effect July 1. Between the time the interest rates are calculated and then implemented, borrowers can take steps to lock in the lower of the two rates by consolidating their loans before or after July 1, 2003. By consolidating student loans, borrowers move their interest rate to a fixed percentage, such as the record low of 4.125% for this year, rather than a standard variable rate as high as 8.25%, as it was just three years prior.

To help borrowers capitalize on this opportunity to secure the lowest rate on their consolidation loans, Nelnet (National Education Loan Network) announced a "hold" policy on all consolidation loan applications. Nelnet is holding all completed consolidation applications submitted either online or via the mail between now and June 30, 2003. Once the new rate is calculated, Nelnet will process the application with the appropriate lower rate before or after July 1, 2003. Nelnet's hold policy will guarantee that borrowers receive the lowest interest rate available.

Student loan interest rates are based on the activity of short-term Treasury bills. "While we can't be positive these record low rates will fall even further, Nelnet aims to help borrowers take advantage of locking in the lowest possible interest rate," said Don Bouc, President of Nelnet and the company's chief spokesperson. "If the current short-term interest rate holds as economists are predicting and the interest rate drops, borrowers will not have to worry about consolidating now or after July to receive the lowest rate of the two."

Borrowers wishing to consolidate their loans are encouraged to submit their application now to gain the best possible interest rate on their student loan. Effective July 1, 2003 borrowers can further reduce their consolidation interest rate by an additional 1.25% by earning a 1.0% interest rate reduction after 48 initial regular on-time payments and another .25% rate reduction for auto-electronic payments. Nelnet provides free consolidation loan assistance and help in calculating loan balances with the new interest rates and extended repayment terms.

Nelnet is a vertically integrated educational finance organization dedicated to providing products and services that facilitate education finance for students, schools, lenders, and guarantors. With over $10 billion in total assets, Nelnet originates in excess of $3 billion for itself and its service partners annually, and services, or provides servicing software for, more than $46 billion in student loans. Nelnet ranks among the nation's leaders in terms of total student loan assets managed.