
HIGH LENDING COSTS THREATEN LOAN AVAILABILITY -- April 17, 2008

Washington, DC -- Today, Rep. Michael N. Castle (R-DE) voted in favor of the Ensuring Continued Access to Student Loans Act, H.R. 5715 - legislation to prevent instability in the student loan market and to ensure students have access to funds to pay for college or an advanced degree. The bill passed in the House of Representatives with an overwhelming bipartisan majority.

This legislation can help restore investor confidence into the marketplace, provide additional flexibility for parents through a new, optional grace period for PLUS loan payments until after their children graduate, as well as ensure that parents struggling with mortgage payments are not automatically denied credit through PLUS loans.

Additionally, this bill expands loan availability through higher unsubsidized Stafford loan limits. This provision, along with a provision passed under the Deficit Reduction Act of 2005 which increased loan limits on federally subsidized loans, enables students to receive more federal funding and reduces their reliance on higher cost private loans.

Also included in the House-passed bill is language offered by Rep. Castle, calling upon the Government Accountability Office (GAO) to evaluate the larger impact of these increased loan limits on tuition, fees, and room and board costs, as well as private loan borrowing by students and parents over the next several years.

Rep. Castle has actively worked to identify causes of rising college costs. This rate of increase continues to prove overly burdensome for both students and families as they both save and borrow to pay for higher education. Adding another layer of complexity is the existing slump in credit markets. For this reason, several lending institutions have recently announced that soaring lending costs have caused them to decrease availability of new loans to American students.

"Access to credit is threatened by instability in economic markets," Castle said. "This bill ensures students and their parents can access funding if they need help with higher education costs."

"For over a decade I have worked on behalf of students and families in an effort to solve the college cost crisis," said

Rep. Castle. "In a time when tuition rates continue to surpass annual family income, it is imperative to pinpoint exactly why college costs continue to rise so dramatically."

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