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The OBBB Impact on Private Lending, Undergrad/Graduate Loans, and Lender Lists

For Financial Aid Warriors

Today's Presenter

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Agenda

Uncertainty remains regarding the federal financial aid changes, and this presentation is NOT a how-to guide to everything you need to know about what's upcoming, but a glimpse of what's ahead and how you may start to prepare.

1 Federal Financial Aid Changes

3 What Students and Parents Need to Know?

2 Private Lenders

4 Lender Lists



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Federal Financial Aid Changes

Grad & Parent PLUS

- **Grad PLUS Loans**
Eliminated for new borrowers
- **Graduate/Professional Loan Limits**
Capped annually at \$20,500 for graduate students and \$50,000 for professional students
- **New Aggregate Limits**
\$100,000 (most graduate degrees) or \$200,000 (professional degrees)
- **Parent PLUS Loans**
Capped at \$20,000 annually, and \$65,000 total per student



Repayment Plans

Only two primary options:

New Tiered Standard Plan: A borrower will pay a fixed interest rate over a term of 10 to 25 years, with the payment term depending on the loan amount.

Repayment Assistance Plan (RAP): Based on 1-10% total adjusted gross income (AGI). If the monthly payment does not cover the interest, the government will waive the remaining interest.



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Private Lenders

Definition

Private Student Loans are offered by non-profits, banks, and credit unions to help students pay for college. They can help bridge funding gaps between your federal student loans and your cost of attendance.



Private Lenders



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The private student loan market offers a range of products designed to meet the needs of parents and students (Understanding Private Student Loans Trends and Growth Dynamics, 2026).

Some product offerings may vary in eligibility depending on a person's debt-to-income ratio, citizenship, credit history, current employment, etc.

For “traditional” undergraduate students, some credit criteria may be difficult to meet.

Credit History



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Credit requirements will vary by lender. Most have seen minimum credit requirements of 650+; however, some lenders may choose not to disclose their minimum credit score.

An average undergraduate student/graduate student may need a cosigner.

Generation Z (18-25)	681
Millennials (26-41)	691
Generation X (42-57)	709
Baby boomers (58-76)	746
Silent generation (77+)	760

Streaks, J. (2025, May 1). *The average credit score by age, state, and year*. Business Insider. <https://www.businessinsider.com/personal-finance/credit-score/average-credit-score>

Market Projections

Undergraduate

Applicant Volume- Millions of Undergraduate Students Pursue Higher Education Annually, Many Requiring Financial Assistance.

Years of Study- Undergraduate and Graduate/Professional Studies can range from 4 to 8 years, depending on the program of study, which also increases years of financial assistance.

Higher Cost of Programs- With federal financial aid changes to Parent PLUS programs, students and parents may seek private lenders to bridge the gap.

Foundation for Graduate Education- Undergraduate Programs are the prerequisite for Graduate and Professional Degrees.



Market Projections

Graduate and Professional Degrees

Career Advancement- Pursuing Graduate Degrees Shows an Interest in Career Advancement for Better Compensation, Better Benefits, and Financial Security.

Higher Cost of Programs- Graduate Programs, and Professional Degrees, such as Law and Medicine, may also come with a higher price tag than other programs, given the expected salary post graduation.

Limited Federal Aid- With Federal Financial Aid Changes to Grad PLUS programs, graduate and professional studies students may seek out private lenders to bridge the gap.

Understanding private student loans trends and growth dynamics. (2026, February 28). <https://www.datainsightsmarket.com/reports/private-student-loans-1986641>



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Federal Student Loan Changes

What Students & Parents Need to Know

Changes to Federal Student Loans on/after July 1, 2026

Grad PLUS Loans	Eliminated for new borrowers.
Graduate/Professional Limits	Capped annually at \$20,500 for graduate students and \$50,000 for professional students. New aggregated limits: \$100,000 (most grad degrees) or \$200,000 (professional degrees like law/medicine).
Parent PLUS Loans	Capped at \$20,000 annually and \$65,000 total per student.
Repayment Plans	Only two primary options: New Tiered Standard Repayment Plan Repayment Assistance Plan (RAP): Based on 1-10% total adjusted gross income (AGI). If monthly payment does not cover the interest, the government will waive the remaining interest.
Public Service Loan Forgiveness	The PSLF program will allow for payments made under RAP to count towards forgiveness, if other eligibility criteria are met.

Major Changes are coming to federal student loan rules, effective July 1, 2026. The “One Big Beautiful Bill” (OBBB) overhauls the framework for student and parent education borrowing and repayment. Families should review these new requirements now to ensure their financial plans remain on track.

Impact of Existing Borrowers

The **NC Assist Graduate Student Loan** can help students bridge the funding gap after exhausting federal aid options. Graduate students can benefit from a fixed-rate student loan with no application, origination, or prepayment fees. The NC Assist Loan covers tuition, housing, books, and other fees, with a maximum amount of up to \$200,000 for graduate students.

- › **Grandfathering:** Borrowers with existing loans enrolled in current graduate programs before July 1, 2026, may have up to three years of “legacy eligibility” to continuing borrowing under old rules.
- › **Mandatory Plan Transitions:** By July 1, 2028, most legacy IDR plans (such as SAVE, PAYE, and ICR) will be phased out. Borrowers currently on these plans may be required to transition to either the tiered Standard plan, the Income-Based Repayment (IBR) plan or the new RAP.

To stay informed about how the One Big Beautiful Bill (OBBB) affects your education funding, visit [StudentAid.gov/announcements-events/big-updates](https://studentaid.gov/announcements-events/big-updates) for the latest federal updates.



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Lender Lists

Establish Selection Criteria

Decide what factors you will use to evaluate potential lenders. Examples of criteria include:

- **Borrower Benefits:** Consider the potential advantage for students, such as fixed versus variable interest rate options.
- **Customer Service:** Evaluate the lender's record for providing reliable support to borrowers.
- **Fees:** Compare origination fees and other costs charged by the lender.
- **Financial Stability:** Ensure the lender is financially stable and likely to continue providing loans.
- **Pre-Qualification:** Determine if the lender offers pre-qualification for students and co-signers.
- **Repayment Options:** Review the flexibility and variety of repayment plans available.
- **Transparency:** Look for clear and straightforward terms and conditions.



Research and Select Lenders

Research lenders that meet your established criteria. You must include at least two non-affiliated lenders on the list.

- **Contacting Existing Lenders:** Reach out to lenders that your students have used over the past one to three years.
- **Sending a Request for Information (RFI):** Formally request information and loan details from prospective lenders. An RFI is not required, and you may also email questions to lenders.
- **Requesting a Letter of Affiliation:** As you seek loan details, also ask for a letter outlining any affiliations.
- **State Non-Profit Lender:** Provide low-cost, fixed-rate loan options for North Carolina residents and out-of-state students enrolled in NC Colleges and Universities.



Disclose the List to Students

When you share the list, you must provide clear disclosures. Remember to:

- **Explain Your Choices:** *Detail the reasons you chose each lender, emphasizing why their terms and conditions are favorable to borrowers.*
- **Note that the List is Optional:** *It is important to state prominently that students are not required to use a lender from your list.*
- **Provide Pre-Application Access:** *Give students access to each lender's application disclosure before they submit a loan application.*
- **List Title IV Grant Aid:** *Present the maximum Title IV grant aid available to students and explain why this type of aid is a better option.*





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How are YOU planning to prepare?

How are YOU preparing?



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