



June 10, 2010

MELINDA S SMITH

Dear Melinda:

This is to advise you that effective June 30*, your student loan(s) with the Michigan Higher Education Student Loan Authority (MHESLA) will no longer become eligible for an interest rate subsidy from MHESLA. The economic downturn and the negative impact of certain federal legislation have left funding insufficient to continue offering borrower benefits. Originally announced in 2002, this subsidy known as a "borrower benefit" was achieved by meeting certain repayment conditions. Under the program terms, MHESLA's ability to offer the borrower benefits was contingent upon sufficient funding.

MHESLA obtains the funds to make or acquire student loans by borrowing money through bond issuances. The borrower benefits programs began at a time when it was less costly for MHESLA to borrow and excess interest earnings were available. Recently though, the severe and ongoing credit crisis has forced MHESLA to pay more in interest costs for its funds. Changes in federal laws, including the College Cost Reduction and Access Act of 2007, have also resulted in a decrease in MHESLA's available funding for borrower benefit programs.

MHESLA's borrower benefit incentives subject to this action include the following:

- Prompt Pay Savings (loans made in 1997-2002)
- Michigan Students First (loans made in 2003-2008)
- Michigan Engineering Incentive (loans made in 2005-2008)
- Michigan Advantage Consolidation (loans made in 2005-2008)

The 0.25% interest rate reduction benefit will continue to be provided for borrowers who elect to make their monthly loan payments through the Electronic Payment Savings Program. Otherwise your monthly payment obligation will remain the same.

You are not required to respond to this notice. However, given this change you may want to evaluate your repayment options such as consolidating your loans, which may reduce your monthly payment amount. Consolidation information and application can be found at www.loanconsolidation.ed.gov. To review all available repayment options, visit the Federal Department of Education's Web site at www.studentaid.ed.gov. A summary of the repayment options are enclosed for your convenience.

Account information is available through MHESLA's Web site www.mistudentloans.com. If you have questions regarding your MHESLA loans you may e-mail your questions, including your full name and last four digits of your Social Security Number, to MHESLA@Michigan.gov, or call toll-free (888) 643-7521.

Sincerely,
MHESLA

Enclosure

* If your 36th payment is due on or before July 31, 2010, by making this payment on or before June 30, 2010, your loan may still qualify for the reduced interest rate benefit (all future payments must be made on time).