



February 1, 2020

This notice is being sent to Northstar Education Finance (“NEF”) Total Higher Education (“T.H.E.”) Loan Program borrowers to alert borrowers to an anticipated change in NEF’s T.H.E. Repayment Bonus (the “Bonus”).

As part of its charitable mission to reduce the cost of higher education, NEF has been able to share distributions of excess cash from its financing trusts with its borrowers through the Bonus. In particular, borrowers who obtained or co-signed a student loan under NEF’s T.H.E. Loan Program have periodically received a gratuitous reduction in their interest expense in the form of the Bonus if certain criteria have been met by the borrower (see eligibility criteria on Northstar’s T.H.E. Loan Program website ([www.theloanprogram.org](http://www.theloanprogram.org))).

NEF’s ability to provide the Bonus depends on the existence of excess cash being released from its financing trusts, which is only permitted once terms and conditions are met pursuant to specific indenture agreements associated with the respective financings. The cash flows from the trusts are the only means through which NEF is able to pay the Bonus. Because the cash flows from the financing trusts are dependent on economic and legislative conditions and contingencies, NEF has never, nor will it ever guarantee any specific level of funding for its Bonus payments.

NEF has recently experienced a decline in the level of excess cash releases from these financing trusts due to changes in economic conditions (including, but not limited to, changes in interest rates). As a result, the funding source for paying the Bonus is anticipated to continue to decline, resulting in an inability to pay the Bonus in the very near future. Because NEF’s financing trusts are the sole source for the funding of the Bonus, this means it is likely the Bonus will not continue to be paid in the near future.

If the Bonus is discontinued, the terms of borrowers’ loans remain unchanged; it simply means this gratuitous reduction in eligible borrowers’ interest expense will no longer be available.

For a full description of the Bonus, please refer to [www.theloanprogram.org](http://www.theloanprogram.org) (section titled: T.H.E. Repayment Bonus Benefit Plan).