MEFA Loans – What’s New for 2023-24

The MEFA Institute
How to Participate

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Your Presenters Today

**Stephanie Wells**
Director of College Relations

**Shawn Morrissey**
Director of College Relations

**Darina Barreto**
College Relations Associate

**Meg Villavicencio**
Sr. Associate, Portfolio Originations
State authority created by the Commonwealth of Massachusetts in 1982, helping families plan, save, and pay for college.
Webinar Topics

- Review new interest rates and loan details
- Highlight online tools and guidance
- Discuss loan certification options
- Explain loan refunds and reductions
- Review common FAQ’s
- Demo MEFA’s loan certification portal
MEFA has a comprehensive approach in its services to promote college access and affordability.

- **College and Career Planning:** Exploring interests and talents
- **College Planning:** Offering college admissions and financial aid guidance
- **Educational Outreach:** Educating families at a grassroots level
- **Training and Outreach:** Supporting the education community
- **College Financing Strategies:** Providing affordable options to students and families in concert with federal financial aid policies and practices
- **Early College Planning:** Promoting early awareness about planning, saving, and paying for college

MEFA’s Comprehensive Approach
The MEFA Institute

Offering trainings on key information about MEFA resources and products and helpful updates on a variety of college planning topics.

Training topics customized for College Administrators, School Counselors and Affiliate Organizations

Upcoming Webinars:

Sept: FAFSA Simplification Updates

8/23: Financial Aid for College Admissions Professionals

7/28: Federal Loan Repayment Options: Choosing the Right Path After the Pause
• The percentage of the amount borrowed that the lender charges for the use of its money
• Understand the difference between fixed vs. variable
  ○ **Fixed interest rate**: monthly payment will remain the same
  ○ **Variable interest rate**: monthly payment will adjust with the market
• Find out if there is a cap on variable interest rates
• Most interest rates are tied to the strength of the borrower’s credit
• The interest rate may be tied to the chosen repayment option
• Pay attention to the **full range** of potential interest rates, not just the advertised rate
• Specifies the length of time to repay the loan
• Has a direct impact on the total cost
• Provides flexibility as families consider their monthly budget
• Most lenders offer different repayment terms to choose from
• Statement providing details about the loan and estimated total loan cost examples
• Required for private lenders such as MEFA
• Can be found on lender websites and loan comparison tools
• Things to look for:
  ○ What are the interest rates?
  ○ What are the fees?
  ○ What will be the total cost?
**Comparison of Total Loan Cost**

**Immediate Repayment** - over $10,000!

**Deferred Repayment** - over $26,500!

Loan Cost Examples

The total amount you will pay for this loan will vary depending on when you start to repay it. This example provides estimates based upon five (5) different repayment options available to you while enrolled in school.

<table>
<thead>
<tr>
<th>Repayment Option (while enrolled in school)</th>
<th>Amount Provided (directly to you or your school)</th>
<th>Interest Rate (highest possible starting rate)</th>
<th>Loan Term (how long you have to pay off the loan)</th>
<th>Total Paid over life of loan (includes associated fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.</td>
<td>$10,000</td>
<td>7.350%</td>
<td>10 years starting after your final disbursement</td>
<td>$14,416.80</td>
</tr>
<tr>
<td>IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.</td>
<td>$10,000</td>
<td>7.500%</td>
<td>15 years starting after your final disbursement</td>
<td>$17,006.40</td>
</tr>
<tr>
<td>INTEREST ONLY REPAYMENT Make interest payments during the In-School Period and defer payments on the principal amount until the end of the In-School period.</td>
<td>$10,000</td>
<td>7.950%</td>
<td>15 years starting after your final disbursement</td>
<td>$18,583.20</td>
</tr>
<tr>
<td>DEFERRED REPAYMENT Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.</td>
<td>$10,000</td>
<td>7.850%</td>
<td>15 years starting after your final disbursement</td>
<td>$19,856.78</td>
</tr>
<tr>
<td>STUDENT DEFERRED REPAYMENT Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.</td>
<td>$10,000</td>
<td>7.950%</td>
<td>15 years starting after your final disbursement</td>
<td>$20,012.52</td>
</tr>
</tbody>
</table>

**Lender B Loan Disclosure**

Loan Cost Examples

The total amount you will pay for this loan will vary depending on when you start to repay it. This example provides estimates based upon four (4) different repayment options available to you while enrolled in school.

<table>
<thead>
<tr>
<th>Repayment Option (While enrolled in school)</th>
<th>Amount Provided (Directly to your school or you)</th>
<th>Interest Rate (Highest possible starting rate)</th>
<th>Loan Term (How long you have to pay off the loan)</th>
<th>Total Paid over 15 years (Includes associated fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DEFER PAYMENTS Make no payments during the deferment period (autonomous in-school deferment). Interest will be charged and added to your loan.</td>
<td>$10,000</td>
<td>16.615%</td>
<td>15 years starting after the deferment period</td>
<td>$46,420.94</td>
</tr>
<tr>
<td>2. PAY ONLY THE INTEREST Select the interest-only in-school payment option during the application process and make interest payments but defer payments on the principal amount during the deferment period.</td>
<td>$10,000</td>
<td>16.615%</td>
<td>15 years starting after the deferment period</td>
<td>$34,281.84</td>
</tr>
<tr>
<td>3. MAKE FIXED IN-SCHOOL PAYMENTS Select the in-school payment option during the application process and make fixed payments of $25 each month during the deferment period. Unpaid interest will be added to your loan.</td>
<td>$10,000</td>
<td>16.615%</td>
<td>15 years starting after the deferment period</td>
<td>$44,270.93</td>
</tr>
<tr>
<td>4. MAKE FULL PAYMENTS Pay both the principal and interest amounts (required while enrolled in school less than half-time)</td>
<td>$10,000</td>
<td>16.615%</td>
<td>15 years starting after your first payment</td>
<td>$27,200.99</td>
</tr>
</tbody>
</table>
### MEFA’s Student Loan Payment Calculator

<table>
<thead>
<tr>
<th>Amount to borrow: $10,000</th>
<th>Years before graduation: 4 years</th>
</tr>
</thead>
</table>

**Parent or other co-borrower’s credit profile:**
- Good
- Very Good
- Exceptional

**Calculate**

<table>
<thead>
<tr>
<th></th>
<th>Immediate Repayment: 10 Years</th>
<th>Immediate Repayment: 15 Years</th>
<th>Interest-Only Repayment: 15 Years</th>
<th>Deferred Repayment: 15 Years</th>
<th>Student Deferred with Co-borrower Release: 15 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In-School Monthly Payment</strong></td>
<td>$106.39 for 48 months</td>
<td>$81.04 for 48 months</td>
<td>$48.30* for 48 months</td>
<td>$0.00 for 48 months</td>
<td>$0.00 for 48 months</td>
</tr>
<tr>
<td><strong>Post-School Monthly Payment</strong></td>
<td>$106.39 for 72 months</td>
<td>$81.04 for 132 months</td>
<td>$103.34 for 132 months</td>
<td>$128.43 for 132 months</td>
<td>$130.04 for 132 months</td>
</tr>
<tr>
<td><strong>Total Cost of Loan</strong></td>
<td>$12,766.80</td>
<td>$14,587.20</td>
<td>$15,959.28</td>
<td>$16,952.76</td>
<td>$17,165.28</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>4.89%</td>
<td>5.24%</td>
<td>5.74%</td>
<td>5.89%</td>
<td>6.04%</td>
</tr>
<tr>
<td><strong>APR</strong></td>
<td>4.89% - 6.64% **</td>
<td>5.24% - 6.74% **</td>
<td>5.74% - 6.94% **</td>
<td>5.89% - 6.89% **</td>
<td>6.04% - 6.99% **</td>
</tr>
</tbody>
</table>
# MEFA Loan and PLUS Loan Comparison

<table>
<thead>
<tr>
<th></th>
<th>MEFA Loan</th>
<th>Direct PLUS Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest rate</strong></td>
<td>5.35%-7.95% fixed for 2023-24</td>
<td>8.05% fixed for 2023-24</td>
</tr>
<tr>
<td><strong>APR</strong></td>
<td>5.35-7.95%</td>
<td>Not disclosed</td>
</tr>
<tr>
<td><strong>Fee</strong></td>
<td>No origination fee</td>
<td>4.228% origination fee</td>
</tr>
<tr>
<td><strong>Student on the loan?</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Responsibility to repay</strong></td>
<td>Student &amp; co-borrower(s)</td>
<td>Parent</td>
</tr>
<tr>
<td><strong>Transfer responsibility?</strong></td>
<td>Co-borrower release option</td>
<td>No</td>
</tr>
<tr>
<td><strong>Credit criteria</strong></td>
<td>Minimum credit score</td>
<td>Minimal credit standards</td>
</tr>
<tr>
<td><strong>Repayment term</strong></td>
<td>10-15 years</td>
<td>10-25 years</td>
</tr>
<tr>
<td><strong>Repayment options</strong></td>
<td>Immediate, interest-only, deferred</td>
<td>Immediate or deferred</td>
</tr>
<tr>
<td><strong>Enrollment status</strong></td>
<td>At least half-time</td>
<td>At least half-time</td>
</tr>
<tr>
<td><strong>Consumer safeguards</strong></td>
<td>Student death &amp; disability loan forgiveness</td>
<td>Parent or student death &amp; disability loan forgiveness</td>
</tr>
<tr>
<td><strong>Need to file the FAFSA?</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
MEFA Loan Processing
In July 2020, MEFA joined ELM Resources as a lender partner
Can disburse via NDN
If you’re a school using ELM, you are able to certify MEFA Loans via ELM
Undergraduate loans should be processed as a parent/sponsor loan
mefa.org/loan-certification-through-elm

MEFA online loan certification system
To create an account, visit mefa.org/certify and click on Add New School or Users
We strongly recommend you set up your school with MEFA Loan EFT disbursements (though not required)
To establish EFT disbursements, complete the Wire Transfer Authorization Form on mefa.org/certify and email it to mefacertify@mefa.org
By certifying MEFA Loans, you are ensuring the following statements are true:

- The amount certified is equal to or less than the student’s Cost of Attendance (COA) less Expected Financial Aid (EFA)
- The student is:
  - Enrolled at least half time in an accredited degree-granting program
  - Making Satisfactory Academic Progress as defined by your institution
**Summer Loans**

- If the student is currently enrolled for the current academic year, a student may borrow a loan for less than half time for the summer session. Summer loans should be certified using the student's enrollment status of at least half-time during the academic year.

**Prior Balance**

- A MEFA Loan can be used to cover a prior balance for the previous semester. At the time of certification, the student must be enrolled, intending to enroll, or have completed a degree.
In ELM, MEFA Loans should be processed as parent/sponsor loans.

Don’t include the MEFA Loan in EFA; the MEFA Loan certified amount can’t exceed COA less EFA.

Processing multiple applications from one student that was submitted on the same day recommendations:
  - Manually certify the loans on ELMOne
  - Certify the oldest request first
  - Certify using the lender CLUID from the initial request
  - Double check to make sure changes reflects correctly in ELM

Commonline processing prevents figures over $99,999. For COA, EFA, and/or loan amounts certified for over $100,000 we recommend certifying these loans in the MEFA online portal.

Loans certified in the MEFA portal will still appear on ELM One and disburse via ELM NDN.
• **Prior to Disbursement**
  • Decreases to the loan amount can be made up to three days before disbursement.
  • A school can increase a loan up to the original amount requested up until the final disbursement.

• **Post Disbursement**
  • Decreases to a loan amount would be handled by a school refund.
  • A school can increase a loan up to the original amount requested up until the final disbursement.
  • If a student needs to increase the loan after it’s been fully disbursed, the student will need to apply for a new loan.
• ELM schools can send refunds via ELM NDN

• For funds disbursed directly from MEFA, not NDN, MEFA encourages the electronic refund process; form can be found on our College Administrator page

• **Check refunds should be sent to:**
  MEFA
  Attn: Loan Refunds
  60 State Street, Suite 900
  Boston, MA 02109

• All refunds are processed on Wednesdays

• Interest will be reversed on the refund amount
Thank You

QUESTIONS?

Contact MEFA
(800) 449-MEFA (6332)
mefacertify@mefa.org
mefa.org/college-admins

Contact ELM
(866) 524-8198)
NSC@elmresources.com
ELMResources.com
MEFA Online Loan Certification System Demo
Highlights

- Very straightforward and user-friendly
- Easy to set up new user access at mefa.org/certify
### BABSON COLLEGE

#### Certify Loans

**Search for Loans**

- Select loan(s) from the list and complete the certification form, or click on the `Cancel` button to cancel a loan.
- To add more than two disbursements or to request uneven disbursements, click on the student's name to certify on the Loan Detail page.

<table>
<thead>
<tr>
<th>Loan Period</th>
<th>Cost of Attendance</th>
<th>1st Dist. Date</th>
<th>2nd Dist. Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMYYYY</td>
<td>MMYYYY</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**2 records found**

1. **Cancel**
   - **RICE, MARYBETH**
   - **(7600)**
   - Ready to Certify: 04/09/2021
   - Loan Status: Complete
   - Loan Period: 06/2020 - 05/2021
   - Grad Date: Grad Level: (choose one)
   - Eligibility: COAS
   - Requested Certified $: $10,000
   - 1st Dist. Date: 02/12/2021
   - 2nd Dist. Date: Max $0

2. **Cancel**
   - **USSERY, BONNIE**
   - **(0483)**
   - Ready to Certify: 11/19/2020
   - Loan Status: Complete
   - Loan Period: 09/2020 - 05/2021
   - Grad Date: Grad Level: (choose one)
   - Eligibility: COAS
   - Requested Certified $: $13,000
   - 1st Dist. Date: 01/08/2021
   - 2nd Dist. Date: Max $0

**Fields Required for Certification**

- Page 1 of 1

[Continued...]

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