mefa℠
Massachusetts Educational Financing Authority

Connect with MEFA online for useful, timely updates on the college planning process.

Be a Wise Borrower

When selecting a private college loan, and deciding how much to borrow, follow our five simple steps to make sure you're getting the loan that's right for you.

1. Start with Federal Student Loans.

Federal student loans feature a unique combination of benefits. They are guaranteed with a fixed interest rate, can be consolidated, and offer multiple repayment options. Work with the college financial aid office to make sure you are maximizing all federal student loan options before you look to other financing.

2. Don't Borrow More than You Need.

Review your bill to find out what you owe or estimate your balance due with **MEFA's My College Cost Calculator** at mefa.org/my-college-cost-calculator. Pay what you can from savings, then ask your college if they offer an interest-free monthly payment plan to split the balance into smaller installments. Only use loans as a last resort.

3. Don't Borrow More than You Can Afford.

Find out from each lender what interest rate you qualify for, what your monthly repayment will be and the total cost of the loan. Remember to plan ahead; if you expect to borrow again for future years in college, your cumulative costs are likely to increase substantially. Use **MEFA's Loan Payment Calculator** at mefa.org/loan-payment-calculator to create a smart financing strategy.

4. Pay Attention to Fees, Terms and Conditions.

Read the fine print for additional fees, which can boost the APR and increase your overall cost of borrowing. Selecting immediate repayment, choosing a shorter repayment term or having a co-borrower might lower your interest rate. Find out if there are hardship or forbearance options if you encounter financial difficulties during repayment.

5. Get the Advice and Support You Need.

Education loans and lenders aren't one-size-fits-all. Read the fine print and if you don't understand something, ask for an explanation. At MEFA, we provide you transparent information that will help you choose the right loan product for your financial situation.

An Introduction to Education Financing — Understanding the Fine Print

If you are considering financing any of your educational expenses, learn the vocabulary of financing and read the fine print on lender application and solicitation disclosures.

Annual Percentage Rate (APR): The APR reflects the total cost of borrowing money over the life of the loan, factoring in the interest rate, fees and length of repayment.

Co-Borrower: A co-borrower is someone who signs the loan application and loan note along with the primary borrower. A co-borrower might improve your chances of being approved or help you qualify for better terms. Keep in mind that the co-borrower shares full responsibility for repaying the loan if the primary borrower falters during repayment.

Immediate, Interest-Only and Deferred Repayment: With immediate repayment, you'll receive your first monthly bill soon after the loan funds are fully disbursed to the school. Interest-only loans start with low monthly payments at first; the payment rises once the student graduates. Deferred loans generally don't begin repayment until after the student has graduated or left school. The sooner you start to repay your loan, the lower the interest rate and total cost of the loan.

Tiered Pricing: With tiered pricing, used by some lenders, the advertised lowest rate may only be available to those with exceptional credit. Borrowers with fair to average credit might be charged an interest rate or fees that are higher than advertised.

Fixed vs. Variable Interest Rate: A fixed interest rate doesn't change during its term, so your monthly payment will remain the same for the life of the loan. With variable rate loans, the interest and your payments may go up or down over time, depending on the current market interest rates or other benchmarks. There may be no cap on how high the variable interest rate might go.

MEFA Loans for Undergraduate Education

Apply online and receive an instant credit decision. mefa.org/collegebill or call us at 800.449.MEFA (6332).

- **Multiple repayment options** — immediate, interest-only, and deferred — let you choose a loan that meets your needs.
- **Fixed interest rates** provide stable and predictable monthly payments for the life of the loan.
- Step-up repayment strategy features a lower interest rate while you are in school, keeping the monthly payment amount lower during the college years.
- Family loans mean the **parent and student are co-borrowers** and are equally responsible for loan repayment.
- Benefits **Massachusetts residents attending college in state or out of state**, and for **students from across the U.S. attending a Massachusetts college or university**.

	Immediate Repayment: 10 Years	Immediate Repayment: 15 Years	Interest-Only Repayment	Deferred Repayment	Student Deferred with Co-borrower[6] Release
Interest Rate and APR[1]	Fixed interest rate of 5.49% during the anticipated in-school period; 6.24% thereafter (APR[1] 6.60% - 6.94%)	Fixed interest rate of 5.99% during the anticipated in-school period; 6.74% thereafter (APR[1] 6.98% - 7.25%)	Fixed interest rate of 6.84% during the anticipated in-school period; 7.79% thereafter (APR[1] 7.88% - 8.26%)	Fixed interest of 7.19% (APR[1] 7.16% - 7.77%)	Fixed interest rate of 7.89% (APR[1] 7.78% – 8.48%)
Monthly Payment per $10,000 borrowed	$114.03 in-school, then payments step up to as low as $116.50 at the end of the in-school period.[2]	$88.72 in-school, then payments step up to as low as $92.03 at the end of the in-school period.[2]	$60.06 in-school, then payments step up to as low as $103.20 at the end of the in-school period.[2]	As low as $106.79.	As low as $112.06.
Fees	4.00% with a co-borrower;	4.00% with a co-borrower;	4.00% with a co-borrower;	4.00% with a co-borrower;	4.00% with a co-borrower
Repayment Terms	• Interest payment and principal repayment begin 45 days after final disbursement. • Fixed interest rate is lower during the anticipated in-school period[3] with a step up to the higher fixed interest rate upon expected graduation. • The loan must be fully repaid within 10 years of final disbursement.	• Interest payment and principal repayment begin 45 days after final disbursement. • Fixed interest rate is lower during the anticipated in-school period[3] with a step up to the higher fixed interest rate upon expected graduation. • The loan must be fully repaid within 15 years of final disbursement.	• Interest payment begins 45 days after final disbursement in any academic year. • Principal repayment begins after the end of the Anticipated In-School Period.[3] • Interest accrues at a higher rate after the end of the anticipated in-school period. • The loan must be fully repaid within 15 years of final disbursement.[4]	• Full in-school payment deferment.[5] • Interest payment and principal repayment begin 6 months after the student graduates, leaves the program or reduces to less than half-time status. • The loan must be fully repaid within 15 years of final disbursement.[4]	• Full in-school payment deferment.[5] • Interest payment and principal repayment begin 6 months after the student graduates, leaves the program or reduces hours to less than half-time. • The loan must be fully repaid within 15 years of final disbursement.[4] • The co-borrower may request release after 48 consecutive on-time payments if meeting then-current underwriting standards.

1. The Annual Percentage Rate (APR) reflects both the accruing interest and the effect of borrowing the origination fee and paying the expected monthly payment over the term of the loan. APR varies with length of deferral, length of in-school period and the presence of a co-borrower. The APR in this example reflects the presence of a co-borrower. 2. Monthly payment amount at the end of the in-school period varies according to the length of the in-school period. 3. The undergraduate anticipated in-school period begins on the initial disbursement date of the loan and ends on the date that is expected, at the time of origination, to be the first anniversary of the final disbursement date of the loan on which the student will have completed his or her current course of study (e.g., for a loan for a freshman, four years from the final disbursement date of the loan), but no later than the fourth anniversary. 4. The Interest-Only Repayment Option and Deferment Option do not extend the overall repayment period. 5. Subject to a maximum five-year deferment period. 6. Co-borrower release option is available upon request after 48 consecutive on-time payments and the student borrower must meet the then-current underwriting standards.

MEFA reserves the right to modify or terminate benefits, products, services and terms in its sole discretion and without prior notice. MEFA education loan availability is subject to MEFA's acceptance of a completed loan application, including credit approval and fund availability for the applicable loan category at the proposed disbursement time.

mefa.org/collegebill 800.449.MEFA (6332) info@mefa.org

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