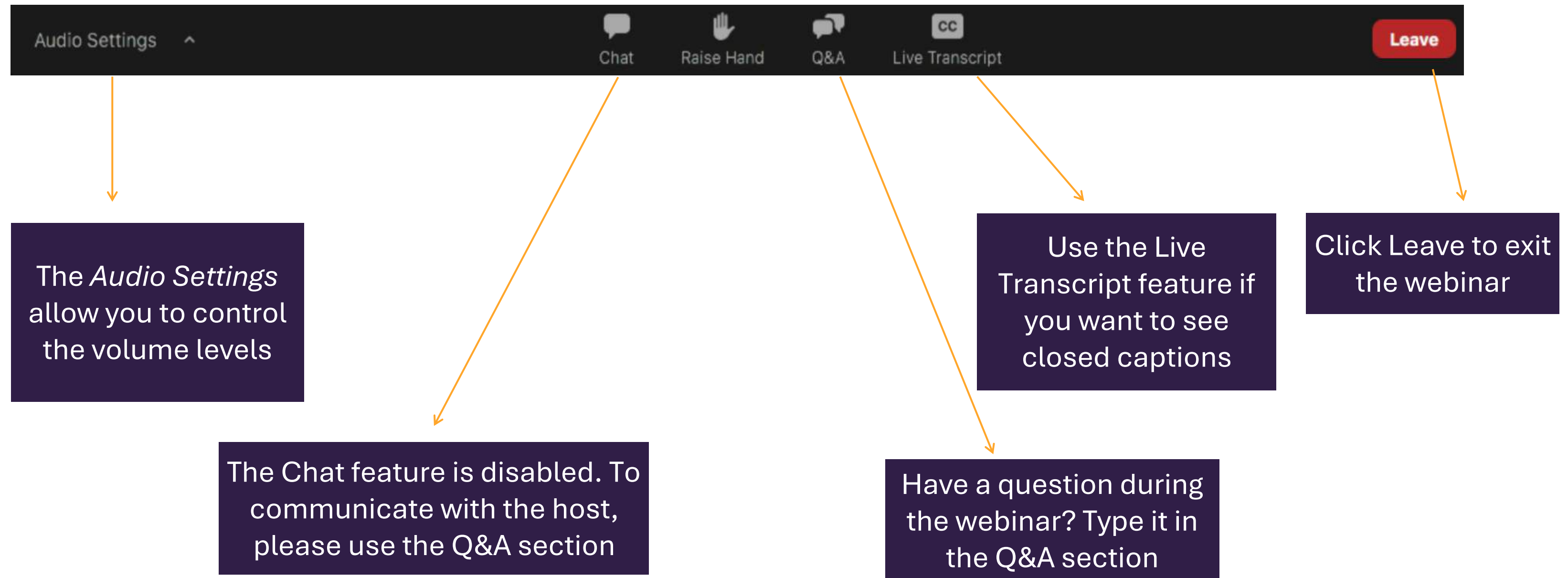


# Comparing College Loan Options



# How to Participate



# Webinar Topics

- MEFA, Your Trusted Resource
- Private Loans Overview
- Loan Terminology
- Wise Borrowing Tips
  - Minimizing Debt
  - Federal Direct Loans
  - Loans Details
  - Loan Affordability
  - Loan Timing



# MEFA, Your Trusted Resource

**Providing tools and resources to help families pay for college for over 40 years**

**Straightforward and transparent with our products and services**

**Free resources include calculators, articles, videos, and excellent customer service**

**Strong relationships with colleges across the country**



# How Private Loans Work

# Steps to Borrowing a Private Loan: An Overview

- Determine the amount to borrow based on your college bill
- Select your lender
  - Explore college lender lists, loan comparison tools, and recommendations from trusted resources
- Decide who will borrow (most students need a co-borrower)
- Submit the application online
- College will certify the loan amount
- College will receive your loan funds based on lender's disbursement date

# Understand Loan Terminology

# Interest Rate

- The percentage of the amount borrowed that the lender charges for the use of its money

## 2 TYPES: FIXED AND VARIABLE

**Fixed interest rate:**  
monthly payment will  
remain the same for the  
life of the loan

**Variable interest rate:**  
monthly payment will  
adjust with market  
fluctuations

- When comparing variable interest rates, always check if there is a cap
- Most interest rates are tied to the strength of your credit & repayment option



# Interest Rate

- Look at the full range of potential interest rates, **not just the lowest advertised rate**
  - MEFA's interest rates range from 3.29% to 8.89%
  - Other lenders may have rates as high as 17%!
- Shorter-term loans naturally come with lower interest rates

## HOW DOES MEFA STACK UP?

### MEFA

**3.29%**

APR\*

### Citizens

**3.49%**

APR

### SoFi

**3.29%**

APR

### Sallie Mae

**3.19%**

APR

### College Ave

**3.24%**

APR

\*The Annual Percentage Rate (APR) is designed to help consumers understand the relative cost of a loan and reflects MEFA's current underwriting criteria, loan rates, and deferment period assumption. MEFA's lowest rates are only available to the most creditworthy applicants. Interest rates sourced from credible.com as of 6.24.25. NMLS# 1724150 nmlsconsumeraccess.org

# Annual Percentage Rate (APR)

- Annual cost of the loan, including fees
- Expressed as a percentage
- Quick way to compare loans



# Repayment Term

- 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

# Application and Solicitation Disclosure

- Provides details about the loan
- Includes 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?



# Compare Total Loan Cost

**Difference in Total Cost Between These Loans:**  
**Immediate Repayment: over \$11,000!**  
**Deferred Repayment: over \$34,000!**

## MEFA 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 five (5) different repayment options available to you while enrolled in school.

Repayment Option (while enrolled in school)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over life of loan (includes associated fees)
<b>IMMEDIATE REPAYMENT</b> Pay both the principal and interest amounts while enrolled in school.	\$10,000	8.640 %	10 years starting after your final disbursement	\$15,298.80
<b>IMMEDIATE REPAYMENT</b> Pay both the principal and interest amounts while enrolled in school.	\$10,000	8.740 %	15 years starting after your final disbursement	\$18,381.60
<b>INTEREST ONLY REPAYMENT</b> Make interest payments during the In-School Period and defer payments on the principal amount until the end of the In-School period.	\$10,000	8.890 %	15 years starting after your final disbursement	\$19,702.68
<b>DEFERRED REPAYMENT</b> Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.	\$10,000	8.840 %	15 years starting after your final disbursement	\$21,444.72
<b>STUDENT DEFERRED REPAYMENT</b> Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.	\$10,000	8.890 %	15 years starting after your final disbursement	\$21,527.88

#### About this example

The repayment example assumes a \$10,000 loan in the first year of school with two disbursements and that you remain in school for 4 years.

## Lender B Loan Disclosure

### LOAN COST EXAMPLES

The total amount you will pay for this loan will vary depending upon when you start to repay it. Interest will begin accruing with the first disbursement. Any interest that is not paid during the "In-School Period" will accrue and will be added to your principal balance when you enter repayment. "In-School Period" means the time that you are enrolled in school plus a 6 month grace period. This example provides estimates based upon four (4) repayment options available to you during the In-School Period.

REPAYMENT OPTION (while enrolled in school)	AMOUNT PROVIDED (amount provided directly to your school)	INTEREST RATE (highest possible starting rate)	LOAN TERM (how long you have to pay off the loan)	TOTAL PAID OVER 15 YEARS (includes associated fees)
<b>1. DEFER PAYMENTS</b> Make no payments during the In-School Period.	\$10,000	18.990 %	180 MONTHS starting after the In-School Period	\$ 56,153.25
<b>2. MAKE FLAT PAYMENTS</b> Make flat payments of \$25 per month during the In-School Period.	\$10,000	18.990 %	180 MONTHS starting after the In-School Period	\$ 53,415.63
<b>3. PAY ONLY THE INTEREST</b> Make monthly payments of interest but defer payments on the principal amount during the In-School Period.	\$10,000	18.990 %	180 MONTHS starting after the In-School Period	\$ 38,824.14
<b>4. MAKE FULL PAYMENTS</b> Make monthly payments of principal and interest.	\$10,000	18.990 %	180 MONTHS starting after the first disbursement	\$ 30,278.64

**ABOUT THIS EXAMPLE** The repayment example assumes an In-School Period 54 months with a 15 year repayment term, and the repayment example is based on the highest interest rate currently charged and associated fees.



# Fixed Rate Example

## Loan Interest Rate & Fees

Your **interest rate** will be between

4.750% and 16.530%

After the rate is set, it will be fixed for the life of the loan

### Your Interest Rate (upon approval)

The interest rate you pay will be determined after you apply. It will be based upon the borrower's credit history and other factors (cosigner credit, repayment option, etc). If approved, we will notify you of the rate you qualify for within the stated range.

### Your Interest Rate during the life of the loan

**Your rate is fixed.** This means that your rate will not increase or decrease for the life of the loan. For more information on this rate, see the reference notes.

### Loan Fees

**Application Fee:** \$0.00. **Origination Fee:** The fees that we charge to make this loan range from 0.000% to 0.000% of total loan amount. **Loan Guarantee Fee:** 0.000% to 0.000% of total loan amount. **Repayment Fee:** The fees we charge when you begin repayment range from 0.000% to 0.000% of the total loan amount. **Late Fee:** 5.000% of the amount of the past due payment, up to a maximum of \$25. **Returned Check Fee:** up to \$20.00.

## Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon three (3) different repayment options available to you while enrolled in school.

Repayment Option (while enrolled in school and during the separation period of 6 billing periods thereafter)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible rate)	Loan Term (how long you have to pay off the loan)	Total Paid over life of loan (includes associated fees)
<b>1. INTEREST REPAYMENT</b> Make interest payments but defer payments on the principal amount while enrolled in school and during the separation period.	\$10,000	16.530%	10 years starting <u>after</u> the separation period	<b>\$27,261.13</b>
<b>2. FIXED REPAYMENT</b> Make payments of \$25 while enrolled in school and during the separation period. Interest will be charged and added to your loan.	\$10,000	16.530%	10 years starting <u>after</u> the separation period	<b>\$32,948.81</b>
<b>3. DEFERRED REPAYMENT</b> Make no payments while enrolled in school and during the separation period. Interest will be charged and added to your loan.	\$10,000	16.530%	10 years starting <u>after</u> the separation period	<b>\$34,273.53</b>

## Examples of other lender disclosure statements

# Variable Rate Example

## Loan Interest Rate & Fees

Your **starting interest rate** will be between

**8.940%** and **16.690%**

After the starting rate is set, your rate will then vary with the market.

### Your Starting Interest Rate (upon approval)

The starting Interest Rate you will pay will be determined after you apply. The rate will be established based on your credit history (and your cosigner's if applicable) and your selected repayment term. If approved, we will notify you of the rate you qualify for within the stated range.

### Your Interest Rate during the life of the loan

**Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the Prime Rate as published in the "Money Rates" section of *The Wall Street Journal* (Eastern Edition) on the first business day of the immediately preceding calendar month. For more information on this rate, see Reference Notes.

Although the rate will vary after you are approved, **it will never exceed 18.000%** (the maximum allowable for this loan).

## Loan Fees

**Origination Fee:** 0%.

**Late Fees:** 5.000% of the past due amount or \$5.00, whichever is less.

**Collection and Default Charges:** In the event of a default, the borrower may incur additional collection charges as permitted under applicable law.

## REFERENCE NOTES

### Variable Interest Rate

- The variable interest rate is based upon the Prime Rate index plus a margin of 0.440% to 8.190% based on creditworthiness, and may be adjusted monthly.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 18.000%.
- Applying without a cosigner typically results in a higher rate.

### Eligibility Criteria

- Borrower and cosigner, if applicable, must be US citizens or permanent resident aliens.
- Borrower must be at least the age of majority in his or her state of residence or be at least 17 years old and apply with a creditworthy cosigner who is the age of majority.
- Borrower must be enrolled at least half time and in an eligible program.
- Both borrower and cosigner, if applicable, are subject to credit approval. Additional documentation may be required.
- The borrower on an individual application and the cosigner on a joint application must have an employment history of at least two years.

### Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

**More information about loan eligibility and repayment deferral or forbearance options is available in your loan application and loan agreement.**

Examples of other lender disclosure statements

# Co-Borrower

- ✓ Signs the loan agreement along with the student borrower
- ✓ Has equal responsibility on the loan agreement
- ✓ Adding one (or two) may increase chances for approval
- ✓ Those with good credit may have more favorable interest rate
- ✓ Some loans (like MEFA) have co-borrower release options



# Tips for Borrowing Wisely

# Tip #1: Minimize Borrowing: Use Savings & Present Income

- Each family decides on a payment strategy that works best for them
- MEFA is here to help you make a plan that works for you
- Review MEFA’s recorded *Financial Aid Offers and Paying the College Bill* webinar



Balance Due:		\$20,000
Savings		
Student College Savings		-\$1,000
Parent College Savings		-\$4,000
Current Income		
Parent Contribution to Payment Plan		-\$5,000
Borrowing College Loans		
College Loan		-\$10,000
		\$0

# Tip #2: Borrow Federal Direct Student Loans First

- Must file the FAFSA
- **Student is the borrower**
- No credit check
- Fixed interest rate changes annually:  
**6.39% for 2025-26**
- Interest accrues:
  - **Subsidized:** after student leaves school
  - **Unsubsidized:** immediately upon disbursement
- 1.057% fee deducted from loan amount
  - \$5,500 = \$5,441.87 credited to student account
- Master Promissory Note (MPN) & Entrance Counseling: <https://www.StudentAid.gov>
- No payments while in school; several repayment options to choose from

Annual Loan Limits	
Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500

# Tip #3: Understand How College Loans Work

- Max loan amount = school's cost of attendance minus your financial aid
- **Only borrow what you need!**
- Estimate your monthly payment
  - Think about total debt for *all* college years
  - Consider your projected salary
- Indicate the loan will be for the spring semester
- Loan funds will go directly to the college

# Tip #4: Compare the MEFA Loan vs. PLUS Loan

	MEFA Loan	Direct PLUS Loan
<b>Interest rate</b>	3.29%-8.89% fixed for 2025-26	8.94% fixed for 2025-26
<b>APR</b>	3.29%-8.89%	Not disclosed
<b>Fee</b>	No origination fee	4.228% origination fee
<b>Student on the loan?</b>	Yes	No
<b>Responsibility to repay</b>	Student & co-borrower(s)	Parent
<b>Transfer responsibility?</b>	Co-borrower release option	No
<b>Credit criteria</b>	Minimum credit score	Minimal credit standards
<b>Repayment term</b>	10-15 years	10-25 years
<b>Repayment options</b>	Immediate, interest-only, deferred	Immediate or deferred
<b>Enrollment status</b>	At least half-time	At least half-time
<b>Consumer safeguards</b>	Student death & disability loan forgiveness	Parent or student death & disability loan forgiveness
<b>Need to file the FAFSA?</b>	No	Yes

# Tip #4: Compare the MEFA Loan vs. PLUS Loan

**\$20,000 Balance Due**

Loan Type	<u>MEFA Loan</u>	<u>PLUS Loan</u>
Amount Borrowed	\$20,000	\$20,882.93
Origination Fee	0%	4.228% <sup>1</sup>
Origination Fee Cost	\$0	\$882.93
Amount Sent to College	\$20,000	\$20,000
Interest Rate	6.69% <sup>2</sup>	8.94% <sup>1</sup>
Monthly Payment (10 Years)	\$229.03	\$263.86
Interest & Fees	\$7,484.10	\$11,663.02
Total Paid	\$27,484.10	\$31,663.02
Total Savings	\$4,178.92	

<sup>1</sup> PLUS Loan interest rate (applies to loans disbursed after July 1, 2025) & fees: [studentaid.gov/understand-aid/types/loans/interest-rates](https://studentaid.gov/understand-aid/types/loans/interest-rates)

<sup>2</sup> Based on 5-year weighted FICO for MEFA 10-year immediate repayment loan; 10-year immediate repayment loan 2025-26 rate range: 3.29%-8.64% APR

# Tip #5: Assess MEFA Loan Affordability with MEFA's Undergraduate Loan Payment Calculator

## MEFA's Student Loan Payment Calculator



Amount to Borrow

Years Before Graduation

Borrower or Co-Borrower's Credit

Calculate

15000

4 Years

Exceptional

	Immediate Repayment: 10 Years	Immediate Repayment: 15 Years	Interest-Only Repayment: 15 Years	Deferred Repayment: 15 Years	Student Deferred with Co- Borrower Release: 15 Years
In-School Monthly Payment*	\$147.66 for 48 months	\$112.39 for 48 months	\$91.60 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post-School Monthly Payment*	\$147.67 for 72 months	\$112.40 for 132 months	\$167.17 for 132 months	\$218.47 for 132 months	\$219.34 for 132 months
Total Cost of Loan	\$17,719.92	\$20,231.52	\$26,463.24	\$28,838.04	\$28,952.88
Interest Rate	3.29%	4.09%	7.24%	7.44%	7.49%
APR**	3.29% - 8.64%	4.09% - 8.74%	7.24% - 8.89%	7.44% - 8.84%	7.49% - 8.89%



# Tip #6: Be Aware of Timing

- Spring semester bills **are sent to the student** in Nov/Dec, due in Dec/Jan
  - Includes direct costs only (tuition, fees, dorm, meal plans & other direct costs)
  - Private scholarships and financial aid will be deducted
  - If you set up a payment plan and/or loans you may see these credited amounts
- Work-study is not typically deducted from the bill
- Apply for a MEFA Loan or other private loan at least 2 weeks before the college's bill due date
- You may apply for a loan if needed anytime during the academic year
- Set up payment plans according to the school's schedule



# MEFA Loans

- Fixed rates 3.29%-8.89% APR
- Set monthly payments
- Multiple repayment options: immediate, interest-only, & deferred
- No origination or application fees
- Instant decision on complete applications



**Apply for a MEFA Loan**

# MEFA as Your Resource

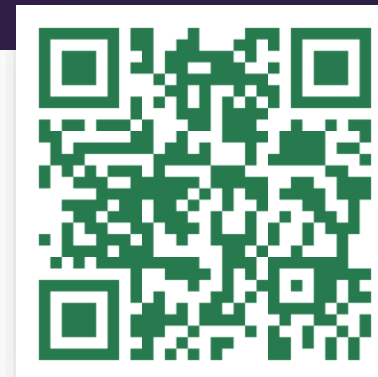
**Request a virtual, one-on-one appointment with the MEFA Team**



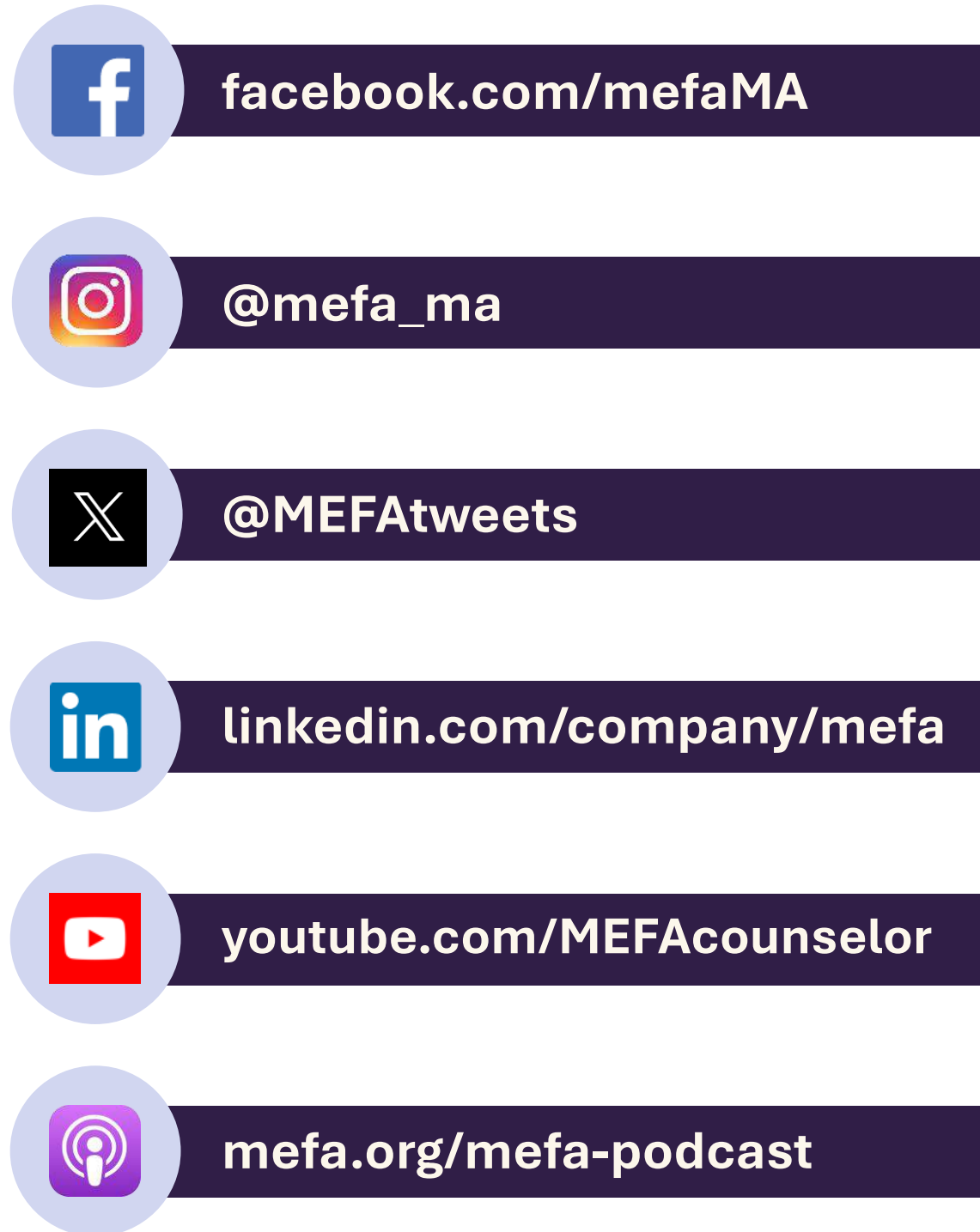
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# Connect with MEFA



# Thank You!

## Questions?



**(800) 449-MEFA (6332)**



**[collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)**