

Borrowing for a Graduate Education

MEFA[™]

Webinar Topics

- MEFA, Your Trusted Resource
- Federal Loan Changes
- Private Loans Overview
- Loan Terminology
- Wise Borrowing Tips
 - Minimize Debt
 - Borrow Federal Direct Loans First
 - Understand How Education Loans Work
- Understanding Credit
- MEFA Graduate Loans



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

Changes to Federal Graduate Borrowing

- Grad PLUS Loan eliminated for new students
- **Legacy Provisions**
- The law allows some students to continue borrowing from the Graduate PLUS program without being subject to the new Direct Unsubsidized Loan aggregate and lifetime borrowing limits through their time to completion, for a maximum of three years
- Students may qualify for the limited exception if:
 - They remain continuously enrolled in the same program of study at the same institution as they were enrolled as of June 30, 2026, AND
 - They had a Direct Loan disbursed (Direct Unsubsidized or Graduate PLUS) for that same program before July 1, 2026

Changes to Graduate Borrowing

- Graduate student annual Direct Loan limit remains at \$20,500
- Professional students can now borrow up to \$50,000 per year in Unsubsidized Direct Loans
- **Professional Programs**
 - Pharmacy (Pharm.D.) • Dentistry (D.D.S. or D.M.D.)
 - Veterinary Medicine (D.V.M.) • Chiropractic (D.C. or D.C.M.)
 - Law (LL.B. or J.D.) • Medicine (M.D.) • Optometry (O.D.)
 - Osteopathic Medicine (D.O.) • Podiatry (D.P.M., D.P., or Pod.D.)
 - Theology (M.Div. or M.H.L.) • Clinical Psychology (Psy.D. or Ph.D.)
- If a student in a professional degree qualifies for the legacy provisions, they can only borrow at the previous annual grad limit of \$20,500 (except for certain health professions students that qualify for up to \$47,167), but will qualify to borrow Grad PLUS

Changes to Graduate Borrowing

- New aggregate limit for Direct Loans: \$200,000 (excludes undergraduate borrowing)
- New lifetime limit for Direct Loans: \$257,500 (includes undergraduate borrowing and Grad Plus)

Changes to Graduate Borrowing

- Annual loan limit reduced for less than full-time enrollment

FORMULA

$$\left(\frac{\text{number of credit hours enrolled for academic year}}{\text{number of credit hours considered full time for that academic year for the program of study}} \right) \times 100 = \text{reduced annual loan limit percentage}$$

Repayment Options for New Direct Loan Borrowers

- Students who borrow a new Federal Direct Loan on or after July 1, 2026 will be eligible for only two repayment plans:
- 1. Tiered Standard Repayment
 - Fixed monthly payments
 - Repayment term lengths range from 10 to 25 years, depending on the amount borrowed
- 2. Repayment Assistance Plan (RAP)
 - Monthly payments based on income
 - Loan forgiveness after 30 years of repayment
 - Is a qualifying plan for Public Service Loan Forgiveness (PSLF)

Changes for New Borrowers After July 1, 2026

New Tiered Standard Plan	
Total Principal Balance	Repayment Term Length
less than \$25,000	10 years
\$25,000 to \$49,999	15 years
\$50,000 to \$99,999	20 years
\$100,000 or more	25 years

Changes for New Borrowers After July 1, 2026

- Repayment Assistance Plan (RAP)
 - Payments are a percentage of AGI (not discretionary income like previous plans)
 - Under \$10,000: \$120 a year, or \$10 a month
 - \$10,001 to \$20,000: 1% of AGI
 - \$20,001 to \$30,000: 2% of AGI
 - \$30,001 to \$40,000: 3% of AGI
 - \$40,001 to \$50,000: 4% of AGI
 - \$50,001 to \$60,000: 5% of AGI
 - \$60,001 to \$70,000: 6% of AGI
 - \$70,001 to \$80,000: 7% of AGI
 - \$80,001 to \$90,000: 8% of AGI
 - \$90,001 to \$100,000: 9% of AGI
 - \$100,001 or more: 10% of AGI

Changes for New Borrowers After July 1, 2026

- Repayment Assistance Plan (RAP)
 - Forgiveness after 30 years of payments
 - Eligible for PSLF
 - \$10 minimum monthly payment
 - Payment amount adjusted by \$50 for each dependent
 - If monthly RAP payment is less than interest accrued, remaining interest is not charged
 - If monthly RAP payment does not reduce principal by at least \$50, a subsidy will be applied to reduce the principal by at least \$50



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

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?

Review Each Loan's Total Cost

**Difference in Total Cost Between These Loans:
Deferred Repayment: over \$20,000!**

MEFA Graduate Loan Disclosure

Deferred Loan Terms and Conditions

Repayment Option (while enrolled in school)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible starting rate)	Loan Term (the period during which regularly-scheduled payments of principal and interest are due)	Total Paid over life of loan (includes associated fees)
DEFERRED REPAYMENT (Medical) Make no payments while in school and during any applicable grace period. Interest will begin accruing on the initial date that loan funds are disbursed.	\$10,000	9.950%	20 years starting after your expected graduation date and the end of any subsequent grace period	\$39,506.00
DEFERRED REPAYMENT (Dental) Make no payments while in school and during any applicable grace period. Interest will begin accruing on the initial date that loan funds are disbursed.	\$10,000	9.950%	20 years starting after your expected graduation date and the end of any subsequent grace period	\$34,918.00
DEFERRED REPAYMENT (Law) Make no payments while in school and during any applicable grace period. Interest will begin accruing on the initial date that loan funds are disbursed.	\$10,000	9.950%	15 years starting after your expected graduation date and the end of any subsequent grace period	\$29,178.00
DEFERRED REPAYMENT (Health Professions & Other Graduate Programs) Make no payments while in school and during any applicable grace period. Interest will begin accruing on the initial date that loan funds are disbursed.	\$10,000	9.950%	15 years starting after your expected graduation date and the end of any subsequent grace period	\$28,224.00

About this example table

The examples in this table assume a \$10,000 loan in the first year of school with two disbursements and that you remain in school for 4 years. The actual date on which you will begin making payments will depend upon the factors set forth in your loan agreement, including your specific program of study and the length of time you spend in school. Applicable grace periods vary by educational program and range from 6 months to 36 months. Loans that are subject to a minimum payment of \$50 may receive a shorter loan term.

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 9 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 20 YEARS (includes associated fees)
1. DEFER PAYMENTS Make no payments during the In-School Period.	\$10,000	16.490 %	240 MONTHS starting after the In-School Period	\$ 55,470.59
2. MAKE FLAT PAYMENTS Make flat payments of \$25 per month during the In-School Period.	\$10,000	16.490 %	240 MONTHS starting after the In-School Period	\$ 52,739.60
3. PAY ONLY THE INTEREST Make monthly payments of interest but defer payments on the principal amount during the In-School Period.	\$10,000	16.490 %	240 MONTHS starting after the In-School Period	\$ 40,459.38
4. MAKE FULL PAYMENTS Make monthly payments of principal and interest.	\$10,000	16.490 %	240 MONTHS starting after the first disbursement	\$ 34,275.48

ABOUT THIS EXAMPLE The repayment example assumes an In-School Period of 45 months with a 20 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 <small>(while enrolled in school and during the separation period of 6 billing periods thereafter)</small>	Amount Provided <small>(amount provided directly to you or your school)</small>	Interest Rate <small>(highest possible rate)</small>	Loan Term <small>(how long you have to pay off the loan)</small>	Total Paid over life of loan <small>(includes associated fees)</small>
1. INTEREST REPAYMENT <small>Make interest payments but defer payments on the principal amount while enrolled in school and during the separation period.</small>	\$10,000	16.530%	10 years starting <u>after</u> the separation period	\$27,261.13
2. FIXED REPAYMENT <small>Make payments of \$25 while enrolled in school and during the separation period. Interest will be charged and added to your loan.</small>	\$10,000	16.530%	10 years starting <u>after</u> the separation period	\$32,948.81
3. DEFERRED REPAYMENT <small>Make no payments while enrolled in school and during the separation period. Interest will be charged and added to your loan.</small>	\$10,000	16.530%	10 years starting <u>after</u> the separation period	\$34,273.53

Examples of other lender disclosure statements

Variable Rate Example

Loan Interest Rate & Fees

Your **starting interest rate** will be between 4.640% and 16.110%. 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 pay will be determined after you apply. It will be based on your credit history and other factors (cosigner credit, chosen repayment option, etc.). If approved, we will notify you of the rate you qualify for within the selected range.

Your Interest Rate during the Life of the Loan

Your rate is **variable**. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the 30-day average Secured Overnight Financing Rate (SOFR) (as published by the Federal Reserve of New York). For more information

Although the interest rate will vary after you are approved, it will never exceed 17.95% (the maximum allowable for this loan).

on this rate, see the Reference Notes.

Loan Fees

Application Fee: \$0 **Origination Fee:** The fee that we charge to make this loan is 0%. **Loan Guarantee Fee:** 0% **Repayment**
Late Charge: \$0 **Returned Check Charge:** \$0.

Examples of other lender disclosure statements

Reference Notes

Variable Interest Rate

- Your loan has a variable Interest Rate that is based on a publicly available index, the 30 day average Secured Overnight Financing Rate (SOFR) rounded up to the nearest one hundredth of one percent, which is currently 3.60%. For purposes of calculating your variable rate, the SOFR index may never be less than 0.00%. Your rate will be calculated each month by adding a margin between 4.64% and 16.11% to 30 day average SOFR.
- In the event the 30 day average SOFR is no longer available or has been replaced, you agree that we may select and apply a comparable successor or replacement index to calculate your Interest Rate. We agree to promptly provide you with written notice of any such change. Any such successor or replacement Index will be applied consistent with industry practice, which may also require an adjustment to the margin added to the index.
- The rate will not increase more than once a month and will never exceed 17.95%. The Interest rate can never be less than 0.00%.
- If the Interest Rate increases your monthly payments will be higher.
- Interest Rates are typically higher without a co-signer.

Autopay Discount

- If you make monthly principal and interest payments by an automatic, monthly deduction from a savings or checking account, the Variable Rate will be reduced by one quarter of one percent (0.25%) for so long as you continue to make such automatic, electronic monthly payments. This benefit is suspended during periods of deferment and forbearance.

Prepayments

- You always have the option to make payments ahead of schedule without penalty. By making

payments ahead of schedule, you can reduce the total cost of your loan.

Borrower Eligibility Criteria

- Must be at the age of majority or older in state of residence at the time of loan application, otherwise a cosigner is required.
- Must be enrolled at least half-time in a degree granting program at an eligible institution.
- Must reside in a state in which SoFi is authorized to lend.

Cosigner Eligibility Criteria

- A cosigner is not required for U.S. citizens or permanent residents, but one may help borrowers qualify for a lower interest rate.
- Must be at the age of majority or older at the time of loan application.

Bankruptcy Limitations

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

For Students Attending School in Virginia

- Private education loans are one tool that students use to finance their education. Your lender and your institution's Financial Aid Office provide assistance with eligibility for the loans. For borrowers who have existing private education loans, Virginia has a Student Loan Advocate to assist borrowers who are struggling with repayment. You can contact the Student Loan Advocate at: State Council of Higher Education for Virginia, James Monroe Building, 10th Floor, 101 N. 14th Street,

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 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
Current Income	
Contribution to Payment Plan	-\$5,000
Borrowing College Loans	
College Loan	-\$14,000
	\$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:
8.07% for 2026-27
- Interest accrues immediately upon disbursement (Unsubsidized)
- 1.057% fee deducted from loan amount
 - \$20,500 = \$20,178.15 credited to student account (\$321.85 in fees)
- Master Promissory Note (MPN) & Entrance Counseling: [StudentAid.gov](https://studentaid.gov)
- No payments while in school; multiple repayment options to choose from

Annual Loan Limits	
Graduate Student	\$20,500
Professional Student	\$50,000



Building Credit

4 Types of Credit

Revolving Credit

Charge Cards

Credit

Service Credit

Installment Credit

Break it Down: Credit History

Credit history is a record of how you've managed the repayment of debts, such as credit cards and loans.

It includes...

- How many credit cards you have
- How many loans you have
- If you pay your bills on time
 - Most important



Break it Down: Credit Report

Credit reports are data files generated by the three major credit bureaus—Experian, Equifax, and TransUnion—who collect information from your creditors. In addition to your credit history, your reports also show items like your name, current and old addresses, and your employers' names.

What does it look like?
Sample Credit Report

Where can I access my credit report?
annualcreditreport.com



Break it Down: Credit Score

Credit score is a three-digit number that relates to how likely you are to repay debt. Banks and lenders use it to decide whether they'll approve you for a credit card or loan.

Did you know?

- There are multiple credit score agencies (FICO and VantageScore are most popular) AND each has multiple scores (for example, FICO has, at least, seven different scores)!



Sources: <https://www.credit.com/credit-reports/credit-bureau/fico-credit-report/>

FICO (Credit) Score

What's in my FICO® Scores?

FICO Scores are calculated using many different pieces of credit data in your credit report. This data is grouped into five categories: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%) and credit mix (10%)



Sources: afcpe.org

Building Credit

- Pay your student loans on time
- Become an authorized user on a parent's card
- Open a student or secured credit card
- Take out a credit builder loan
- Add utility and telecom bills to your credit report



Sources: <https://www.experian.com/blogs/ask-experian/how-to-establish-credit-as-a-young-person/>

New 2026-27 MEFA Graduate Loan Programs

With the limitation of federal graduate loan amounts and the elimination of Graduate PLUS Loans for new borrowers beginning July 1, 2026, MEFA remains steadfastly committed to providing expanded graduate lending solutions. MEFA is actively working to enhance its existing Graduate Education Loan Program to reach additional students impacted by the federal loan reforms.

The MEFA Graduate Loan will offer enhanced programs and specialized financing for the following areas of study:



Graduate Programs, including Master's/PhD/Doctorate:
MBAs, MSWs, and graduate degrees in education, social work, engineering, psychology, etc.



Dental



Health Professions:
Nursing, Nurse Practitioner, Physician Assistant, Physical Therapy, Pharmacy, Occupational Therapy, etc.



Law



Medical:
Includes Veterinary

New MEFA Graduate Loan Programs

Program highlights will include:

No aggregate or annual loan limits, covering up to the full cost of education

Competitive, fixed-interest rates and no application or origination fees

Eligibility extended to all credit-qualified students in accredited programs without regard to program of study

A new rate quote experience, allowing applicants to obtain a preliminary interest rate through a soft credit inquiry prior to submitting a full application

Opportunity to apply for extension of post-school period of interest only or deferment



Master's/PhD/
Doctorate



Dental



Health Professions



Law









Medical

Flexible Deferments and Repayment

	Dental	Health Professions	Law	Master's/ Doctorate	Medical & Veterinary
Fixed Interest Rate	7.15 - 9.95% (6.84% - 9.93% APR*)	7.15 - 9.95% (6.85% - 9.93% APR*)	7.15 - 9.95% (6.78% - 9.93% APR*)	7.15 - 9.95% (6.85% - 9.93% APR*)	7.15 - 9.95% (6.60% - 9.91% APR*)
In-School Deferment	48 months	48 months	48 months	48 months	48 months
Repayment Options	15 yrs Interest-Only, or 20 yrs Deferred	15 yrs Interest-Only, or 15 yrs Deferred	15 yrs Interest-Only, or 15 yrs Deferred	15 yrs Interest-Only, or 15 yrs Deferred	15 yrs Interest-Only, or 20 yrs Deferred
Post-School Period of Deferment/ Interest Only	12 months for residency	6 months	12 months for clerkships	6 months	36 months for residency
Post-School Period Extension	Ability to apply annually for extension of post-school period based on residency/fellowship program	N/A	N/A	N/A	Ability to apply annually for extension of post-school period based on residency/fellowship program

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