

Comparing College Loan Options



MEFA, Your Trusted Public Entity

**Providing tools and resources to help
hundreds of thousands of families pay
for college for nearly 45 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
 - College lender lists
 - Loan comparison tools
 - 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

Loan Terminology

Lender

The organization that provided your loan funds

Federal Government

- Provides the Subsidized and/or Unsubsidized Loan in your financial aid offer
- Offers an income-based repayment option for student loans
- Supplies the Parent PLUS Loan (must apply, \$20k cap/year, \$65k/cap in total per student)

State-Based Entities (MEFA)

- Due to the source of funding, can often offer a lower range of interest rates
- Provide free guidance and resources to help families make smart financing plans
- Interest rates are tied to the strength of your credit & repayment option

Private Companies

- Often have a wide range of interest rates
- Most interest rates are tied to the strength of your credit & repayment option

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 4.95% to 8.90%
 - Other lenders may have rates as high as 17%!
- Shorter-term loans naturally come with lower interest rates

HOW DOES MEFA STACK UP?

MEFA

4.95%

Citizens

3.24%

SoFi

2.98%

Sallie Mae

2.89%

College Ave

2.59%

2026

Undergraduate
Loan APR*

APR

APR

APR

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 in-school and post-school period assumptions. MEFA's lowest rates are only available to the most creditworthy applicants. Interest rates sourced from [credible.com](https://www.credible.com) as of 6.1.26.

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?

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

Comparing Loan Costs

Review Each Loan's Total Cost

Difference in Total Cost Between These Loans:

Immediate Repayment: over \$12,500

Deferred Repayment: over \$34,500!

MEFA Undergraduate 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 (the period during which regularly-scheduled payments of principal and interest are due)	Total Paid over life of loan (includes associated fees)
IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.	\$10,000	8.100 %	10 years starting after your final disbursement	\$14,925.60
IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.	\$10,000	8.200 %	15 years starting after your final disbursement	\$17,775.00
INTEREST ONLY REPAYMENT Make Interest payments during the Interest-Only Period and defer payments on the principal amount until the end of the Interest-Only Period.	\$10,000	8.850 %	11 years starting after the end of your Interest-Only Period ¹	\$19,654.20
DEFERRED REPAYMENT Make no payments while in school. Interest will be charged and will be added at the beginning of repayment.	\$10,000	8.800 %	11 years starting six months after your expected graduation date ²	\$21,378.72
STUDENT DEFERRED REPAYMENT Make no payments while in school. Interest will be charged and will be added at the beginning of repayment.	\$10,000	8.900 %	11 years starting six months after your expected graduation date ²	\$21,543.72

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)
1. DEFER PAYMENTS Make no payments during the In-School Period.	\$10,000	18.990 %	180 MONTHS starting after the In-School Period	\$ 56,153.25
2. MAKE FLAT PAYMENTS 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
3. PAY ONLY THE INTEREST 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
4. MAKE FULL PAYMENTS 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 of 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

3.200%

and

18.550%

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 your 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)
1. INTEREST REPAYMENT Make interest payments but defer payments on the principal amount while enrolled in school and during the separation period.	\$10,000	18.550%	15 years starting <u>after</u> the separation period	\$37,059.53
2. FIXED REPAYMENT Make payments of \$25 while enrolled in school and during the separation period. Interest will be charged and added to your loan.	\$10,000	18.550%	15 years starting <u>after</u> the separation period	\$49,249.81
3. DEFERRED REPAYMENT Make no payments while enrolled in school and during the separation period. Interest will be charged and added to your loan.	\$10,000	18.550%	15 years starting <u>after</u> the separation period	\$51,710.66

Examples of other lender disclosure statements

Variable Rate Example

Your **starting interest rate** will be between

3.775%

 and

17.515%

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. The interest rate will be based on your credit history and other factors (including your selected repayment option and the credit history of your co-signer, if applicable). 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 interest 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") Index as published by the Federal Reserve Bank of New York. For more information on this rate, see the Reference Notes.

Although the rate will vary after you are approved, it will **never exceed 36.00%** (the maximum interest rate on this loan).

REFERENCE NOTES

Interest Rate

- This loan has a Variable Interest Rate. This means your interest rate could move lower or higher than the rates on this form.
- The Variable Interest Rate is based on the 30-day average Secured Overnight Financing Rate ("SOFR") index, rounded up to the nearest one-eighth of one percent, plus a margin between 0.150% and 13.890% based on your and, if applicable, your cosigner's credit history and the repayment term and options you selected during the application process.
- The Variable Interest Rate will not increase more than once a month unless you choose the "Pay Only the Interest" or the "Pay Flat Payments" repayment option and do not make payments as they are due.
- There is no limit on the amount that the Variable Interest Rate can increase at one time, but in no event will the Variable Interest Rate exceed 36.00%.
- You may take advantage of interest rate reductions, the details of which will be set forth in your Credit Agreement.

Eligibility Criteria

- Student borrowers must be enrolled at an eligible school in an eligible program and the school must certify the student borrower's application information, loan amount and other eligibility criteria.
- Student borrowers must be a U.S. citizen or permanent resident or apply with a cosigner who is a U.S. citizen or permanent resident.
- Student borrowers must be of legal borrowing age in their state of residence or at least 17 years of age applying with a qualified cosigner who is the age of majority in their state of residence. All cosigners must be of legal borrowing age in their state of residence.
- Rates are typically higher without a cosigner.

Bankruptcy Limitations

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

Prepayments:

- If you pay the loan off early, in whole or in part, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

For Students Attending Institutions of Higher Education 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, Richmond, VA 23219; studentloan@schev.edu; 804-786-2832. In addition, resources for prospective and current private education loan borrowers are available online at schev.edu/privateloan.

More information about loan eligibility, interest rate reductions, and repayment deferral or forbearance options is available in your Credit Agreement.

Examples of other lender disclosure statements

Tips for Borrowing Wisely

Tip #1: 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

Tip #2: 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

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 #3: Borrow Federal Direct Student Loans First

- Must file the FAFSA
- **Student is the borrower**
- No credit check
- Fixed interest rate changes annually:
6.52% for 2026-27
- 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: [StudentAid.gov](https://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 #4: Carefully Determine the Loan Amount

- 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
- Borrow for the full year: the college will allocate half to each semester
- Loan funds will go directly to the college



MEFA Loans

MEFA Loans

- Fixed rates 4.95%-8.90% 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

**The Annual Percentage Rate (APR) is designed to help consumers understand the relative cost of a loan and reflects the loan's interest rate, timing of payments, and in-school and post-school period assumptions. The lowest rates are only available to the most creditworthy applicants.

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

10000

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*	\$107.11 for 48 months	\$81.98 for 48 months	\$59.77 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post-School Monthly Payment*	\$107.11 for 72 months	\$81.98 for 132 months	\$111.00 for 132 months	\$142.31 for 132 months	\$144.61 for 132 months
Total Cost of Loan	\$12,853.20	\$14,756.40	\$17,520.96	\$18,784.92	\$19,088.52
Interest Rate	4.95%	5.35%	7.05%	7.15%	7.35%
APR**	4.95% - 8.10%	5.35% - 8.20%	7.05% - 8.85%	6.76% - 8.80%	6.94% - 8.90%

MEFA vs. PLUS

	MEFA Loan	Direct PLUS Loan
Interest rate	4.95%-8.90% fixed for 2026-27	9.07% fixed for 2026-27
APR	4.95%-8.90%	Not disclosed
Fee	No origination fee	4.228% origination fee
Student on the loan?	Yes	No
Responsibility to repay	Student & co-borrower(s)	Parent
Max amount	COA minus financial aid	\$20k/year, \$65k in total
Transfer responsibility?	Co-borrower release option	No
Credit criteria	Minimum credit score	Minimal credit standards
Repayment term	10-15 years	10-25 years
Repayment options	Immediate, interest-only, deferred	Immediate or deferred
Enrollment status	At least half-time	At least half-time
Consumer safeguards	Student death & disability loan forgiveness	Parent or student death & disability loan forgiveness
Need to file the FAFSA?	No	Yes

MEFA vs. PLUS

\$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% ¹
Origination Fee Cost	\$0	\$882.93
Amount Sent to College	\$20,000	\$20,000
Interest Rate	6.60% ²	9.07% ¹
Monthly Payment (10 Years)	\$228.11	\$265.33
Interest & Fees	\$7,373.79	\$11,839.35
Total Paid	\$27,373.49	\$31,839.35
Total Savings	\$4,465.56	

¹ PLUS Loan interest rate (applies to loans disbursed after July 1, 2026) & fees: studentaid.gov/understand-aid/types/loans/interest-rates

² Based on 5-year weighted FICO for MEFA 10-year immediate repayment loan; 10-year immediate repayment loan 2026-27 rate range: 4.95%-8.90% APR

PLUS Loan Changes

New PLUS Loan Borrowers After 7/1/2026

- Limit \$20,000 per year per student (\$65,000 lifetime limit per student)

Interim Exception

- Can borrow under previous limits for the remainder of the program or 3 years, whichever is shorter IF
 - Student is continuing in the same program, same school
 - Student borrowed a Direct Loan or parent borrowed a PLUS Loan prior to 7/1/2026

For Parents Borrowing a New PLUS Loan After 7/1/2026

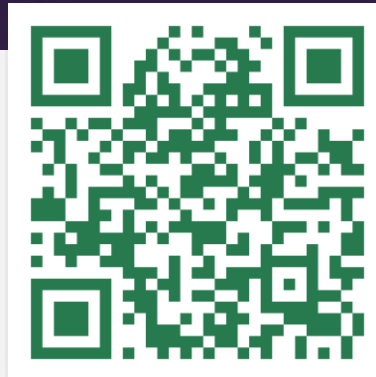
- The only repayment option is the new tiered standard plan for all PLUS Loans, even those borrowed before 7/1/2026
- No option for Public Service Loan Forgiveness (PSLF) and income-based repayment on all PLUS Loans, even previous PLUS Loans that have payments made toward PSLF

MEFA as Your Resource

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



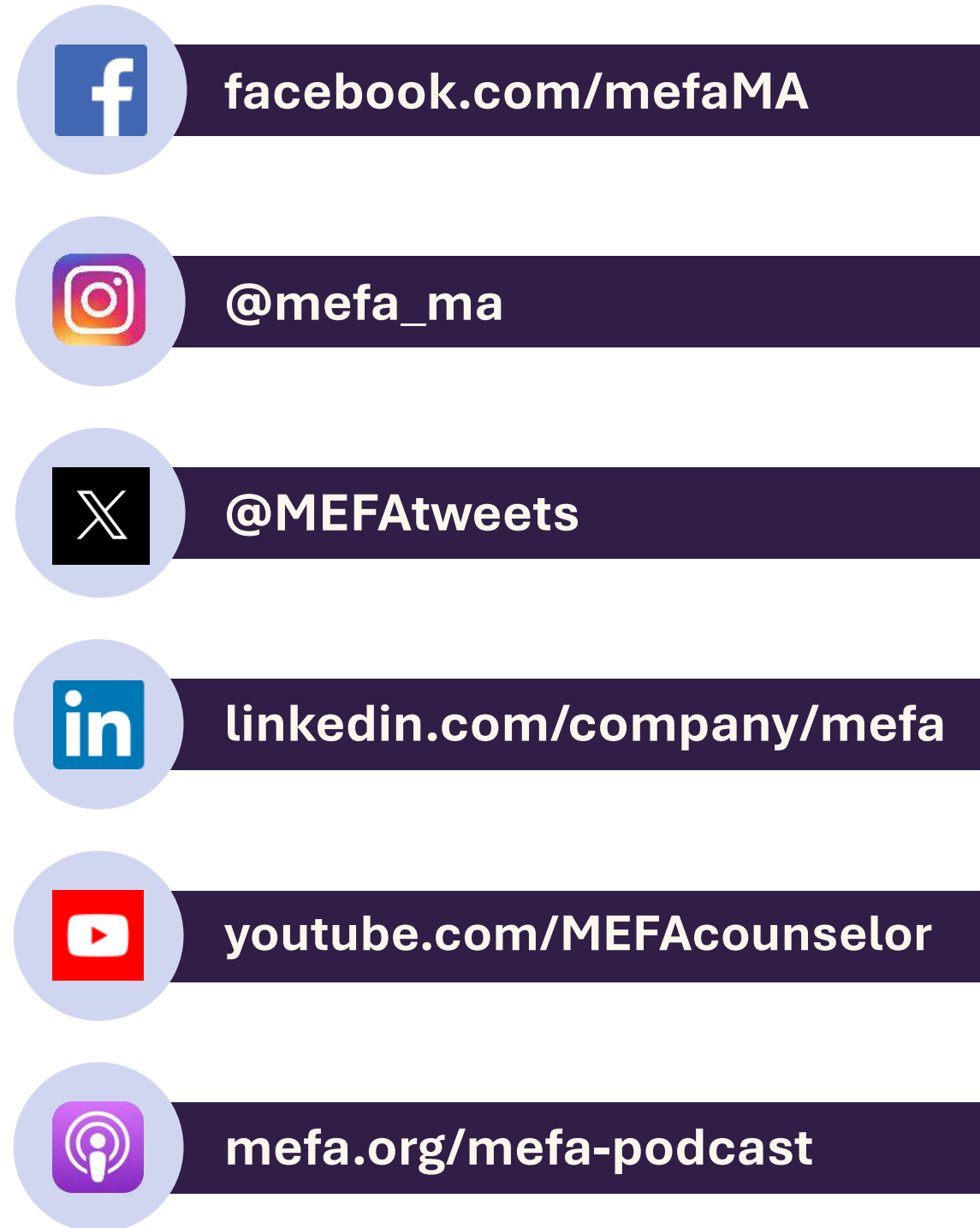
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Thank You!

Questions?



(800) 449-MEFA (6332)



collegeplanning@mefa.org



Apply for a MEFA Loan