



STUDENT LOAN INDEBTEDNESS AND THE MASSACHUSETTS SOLUTION

AICUM Fall Symposium

October 14, 2016

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - mefa.org: information, tools, & resources
 - Emails: sign up online
 - Facebook, Twitter, & LinkedIn
 - Webinars: Register online
 - YourPlanForTheFuture.org

- Information
- Videos
- Webinars
- Calculators
- Links
- Events calendar

The screenshot shows the homepage of the Massachusetts Educational Financing Authority (MEFA). At the top left is the 'mefa' logo. To the right is a navigation menu with links for 'What We Offer', 'Blog', 'Events', 'About Us', 'For College Administrators', and 'For Counselors'. Below the navigation is a secondary menu with buttons for 'MAKE A PLAN', 'START SAVING', 'PAY FOR COLLEGE', and 'APPLY FOR A LOAN'. The main content area features a large image of a young woman with blonde hair looking at an open book. Overlaid on the right side of this image is a yellow call-to-action box with the text: 'INTERESTED IN LOWERING YOUR MONTHLY EDUCATION LOAN PAYMENT? Consider MEFA's Refinancing Loan' and a 'LEARN MORE' button. Below the image is a light blue section with the heading 'How can we help you?' and the subtext 'Welcome to a lifetime of valuable college planning tools and resources.' At the bottom of this section are three columns: 'Plan with our expert guidance', 'Save with affordable, reliable programs', and 'Pay with funds from a variety of sources'.

Agenda

- Understanding Refinancing and Eligibility
- About the MEFA Refinance Loan
- The Refinancing Process

Scary Student Loan Stats

1. US Borrowers Carry more than \$1.3 Trillion in Outstanding Student Loan Debt
2. The Average 2014 graduating cohort carried a bill of \$28,077
3. Borrowers entering repayment in 2012 have a default rate of 11.8%
4. Just 41% of the class entering college in 2008 graduated in four years
5. Borrowers older than 60 owed \$58 billion in student loans in 2014
6. Black and Low Income public college students borrow more and more often
7. Parent PLUS borrowers defaulted at a rate of 5.1%
8. Grad students borrowed a median \$57,600 in grad and college debt
9. More than 2 million grads say student loans delayed starting a business
10. Student debt is surpassing groceries as a primary expense for many borrowers



Source: U.S. News & World Report ["Avoid Becoming One of These 10 Scary Loan Stats"](#) 21 Oct. 2015.

UNDERSTANDING REFINANCING AND ELIGIBILITY

Understanding Refinancing

- What does it mean to refinance student loan debt?
 - Combine multiple existing student loans into one new loan with one lender
 - New interest rate, repayment length and monthly payment amount

DL Consolidation vs. REFI

What is the difference between the Direct Consolidation Loan and a MEFA Refinance Loan?

Direct Consolidation Loan

Federal loan made by the U.S. Department of Education

Combine one or more federal education loans into one new loan

One monthly payment on federal loans

The amount of time to repay your loan may be extended

The fixed interest rate is based on the weighted average of the interest rates on the loans being consolidated

Cannot consolidate private loans

The MEFA Refinance Loan

Private loan that allows refinancing of federal and/or private student loans into a single loan

The new loan may have new terms including a new interest rate, monthly payment and a 15 year repayment term

Benefits and Eligibility

- What is the benefits of refinancing?
- May reduce interest rate
- Designed to lower monthly payment
- Simplify monthly bills
- Free up cash

- What is needed to qualify?
- An applicant will need an established credit profile
- Determined by credit score, debt and income, repayment history, and other factors
- A qualified co-signer may be added to application to increase chances of approval

ABOUT THE MEFA REFINANCING LOAN

- Benefits include:
- Lower monthly payment
- Potentially lower interest rate
- Ability to refinance both federal loans and private loans
- Easier to manage and pay monthly college loan bills
- No application fee, origination fee, or prepayment penalty

The Details:

- Low interest rates with both a fixed and variable option
- Minimum refinance amount: \$10,000; No maximum
- 15-year repayment term
- Not restricted to MA residents
- Instant pre-approval online at mefa.org/refi

REFI Loan Calculator

Apply Now

Apply by phone: (855) 433-7334
Complete your existing application >



Loan Refinancing Calculator

mefa[®]
REFI

Use our Loan Refinancing Calculator to estimate how your monthly payment will change with a [MEFA Education Refinancing Loan](#). Enter information about your existing college loan debt, the type of refinance interest rate you prefer, and your credit profile.

Once you have your results, you can change one or more of your details and click "CALCULATE" to quickly see updated results.

Total to be refinanced:

\$50,000

Current monthly payment:

\$575

Refinance interest rate:

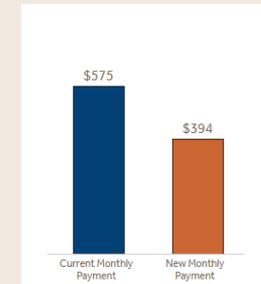
Fixed Variable

My or my cosigner's credit profile:

Fair Good Excellent

CALCULATE

Your Results*



\$394

Your estimated new monthly payment

\$181

Estimated Monthly Savings

4.95%

Estimated fixed APR

\$2,171

Estimated Annual Savings

*Based on a 15-year repayment term

Apply Now

mefa[®]

- Eligibility requirements

- Be a US Citizen or permanent resident
- Have not defaulted on an education loan debt
- Have not had a bankruptcy or foreclosure within the past 60 months
- Have a minimum of \$10,000 in education loan debt to be refinanced
- Be a signor on all education loan debt to be refinanced
- Currently making monthly payments on all of the education loan debt to be refinanced
- Attended one of MEFA's eligible colleges and/or universities

- Can someone refinance if they are currently in grace, deferment, or forbearance?
 - They cannot refinance if they are in grace, deferment or forbearance. The existing loans to be refinanced must be in repayment and current at the time of application.
- Are there any fees?
 - There are no fees associated with this loan. This includes no origination fee, prepayment penalty, late fee, or return check fee.

- Does the MEFA Refinance Loan have a fixed or variable interest rate? What is the difference?
 - MEFA is offering both fixed and variable rate Refinance Loans
 - Fixed interest rate refinance loans have an interest rate and payment amount that remains the same over the term of the loan
 - Variable interest rate refinance loans have an interest rate that may change over the term of the loan
- Is it best to choose fixed or variable rate?
 - Choosing a fixed or variable interest rate for a loan is dependent on the applicant's particular financial situation. We borrowers to review all the options available and make the decision that meets their personal preference

- Is graduation a requirement to be eligible for the MEFA Refinance Loan?
 - Graduation is not a requirement to apply for the MEFA Refinance Loan. However, applicants must be currently making monthly payments on the student loan debt they wish to refinance.
- What is the length of the repayment term?
 - The MEFA Refinance Loan has a repayment term of 15 years.

MEFA REFINANCING LOAN PROCESS

- What documents/information are needed to complete the application?
 - Social Security Number (or Alien ID number for permanent resident)
 - Current and Prior Addresses
 - Housing Costs
 - Employer name, phone number and length of employment
 - Monthly Gross Income
 - The most recent existing loan billing statements for all loans to be refinanced with the current lender/servicer of existing student loan(s), full account number of those loan(s), current loan balance and loan type
 - Co-signer's email address (if applicable)

After Applying, What's Next?



- I have submitted my application, what happens next?
 - Conditional Approval
 - Required Documents Requested
 - Document Upload
 - Income Verification
 - Debt and Income Review
 - Existing Loan Verification
 - Final Approval
 - Select Loan Type
 - E-sign Loan Documents
 - Loan Disbursement to prior servicers

- What are the additional documents I will need to upload to verify information?
 - Proof of identification
 - Two most recent paystubs
 - Other income verification documents as needed
 - Billing statements of loans to be refinanced
 - Payoff statements of loans to be refinanced

- How do I obtain a payoff statement for my loans?
 - Applicant will need to obtain from existing loan servicer

- How long does the application process take?
 - Application is quick and easy
 - Process will take approximately 14 days

- When do applicants stop making payments on loans that they want to refinance?
 - Applicants should continue making payments on existing loans until the entire refinancing process is complete
 - Once their existing loans have been paid in full, their prior lender(s) will be able to confirm that all of their loans have been paid off and that no further payments are required

- When does repayment begin?
 - Principal and interest payments on their MEFA Refinance Loan will begin on the 28th of the month following the month of disbursement

- Can I make payments online?
 - Our servicing partner ACS Education Services offers online access to manage your new MEFA Refinance Loan
- What number do I call if I have any questions?
 - You can reach a customer service representative at 1-855-433-REFI for help anytime during the refinancing process.

Questions?

Applicants:

- Call 1-855-433-REFI M-F
8am – 8pm EST
- Email refi@mefa.org

Colleagues:

- Stephanie Wells-
swells@mefa.org;
617-224-4809

