

MEFA's Guide to College Loans



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Many families find the need to borrow a loan when paying for college costs. Students should first take advantage of the Federal Direct Student Loan, by submitting the FAFSA, before considering alternative college loan options. And it's important to only borrow the minimum amount necessary in a loan, as every dollar borrowed will need to be paid back, with interest.

Resource Guide



Blog Post



Webinar



Web Page



Video



Tool



Podcast Episode

College Loans Overview

There are differences between federal and private education loans, and every loan will have an interest rate and repayment terms, as well as other factors to consider.

- ▶ [Can I Get a Loan Without My Parents?](#)
By filing the FAFSA, students are eligible for Federal Direct Student Loans without any co-borrowers. Private loan approval is dependent on income and credit score, so students often need the assistance of a co-borrower to get one.
- ▶ [Subsidized and Unsubsidized Loans](#)
Learn what these federal loans have in common, as well as how they differ when it comes to accruing interest.
- ✍ [What Are These Loans on My Financial Aid Offer?](#)
Learn what loans you may see on a financial aid offer, including Subsidized or Unsubsidized Federal Direct Loans, a MA No Interest Loan, or a PLUS Loan.
- ✍ [Private Student Loans vs. Federal Student Loans: What's the Difference?](#)
Federal loans can be subsidized or unsubsidized, have an interest rate that changes with each year's loans, and tend to be more lenient with repayment. Private loans are offered by various lenders, typically have interest rates tied to credit scores, and usually are stricter with repayment.
- 🎙 [What to Know About Student Loans](#)
Learn factors to consider when comparing student loans, how to be a wise borrower, and how the process of applying for a loan works.
- ✍ [What's the Difference Between Fixed and Variable Interest Rates?](#)
A monthly payment on a loan with a fixed interest rate will remain the same, while a monthly payment on a loan with a variable interest rate will fluctuate throughout the loan's lifetime.
- ✍ [Looking Past the Interest Rate](#)
Other factors to consider when borrowing a loan are if the rate is fixed or variable, if the rate is tied to your credit score, if there is an origination fee, and what the repayment options are.
- ✍ [The Role of the Co-Borrower: Whose Loan Is It, Anyway?](#)
Learn what comes along with being a co-borrower, including the loan appearing on your credit report and receiving bills and statements.



Loan Terminology

Learn how to understand the various terms and abbreviations associated with student loans.

[Interest Rate](#)

The interest rate is the percentage of the loan amount charged to the borrower for the use of funds.

[APR](#)

APRs are a shorthand way for you to compare the cost of two or more loans on an “apples to apples” basis.

[Tiered Pricing](#)

Tiered pricing refers to the method by which an interest rate is assigned to a borrower’s loan by a lender depending on the borrower’s credit.

[Origination Fee](#)

The origination fee is the cost associated with borrowing a Federal Direct Student Loan and some private loans.

[Solicitation Disclosure](#)

A solicitation disclosure is a document provided to prospective college loan borrowers by private lenders outlining the basic information about the terms and total cost associated with each of the lender’s loans.

[Self-Certification Form](#)

This form that must be completed by an individual seeking to borrow a private education loan in order to receive the loan funds.

[Master Promissory Note](#)

The Master Promissory Notes is a legally binding document that a student must sign prior to borrowing a Federal Direct Student Loan.

[Entrance Counseling](#)

Entrance counseling is a comprehensive tutorial focused on the important details of student loan borrowing and repayment.

[Loan Servicer](#)

A loan servicer is in charge of collecting your repayment and can provide guidance and assistance with different repayment options.

[Deferred Repayment](#)

Deferred repayment is a loan arrangement in which the borrower is allowed to start making payments at some specified time in the future.

[What is Loan Certification?](#)

Loan certification is a process in which the college you are attending reviews the amount you have requested to borrow.

[What is a Loan Agreement?](#)

Loan agreements include advances, promises to pay, default, change in contact information, co-borrower liability, and more.



Choosing and Applying for a Loan

Selecting a college loan is an important decision, and your choice will affect your financial situation for years to come.

[How to Apply for Private Student Loans](#)

Learn what you need to know when comparing private loan options and the steps for applying once you have decided on a lender.

[Comparing College Loan Options](#)

It's important to know how to differentiate among college loan options and better understand the true cost of borrowing.

[Tips for Choosing a Loan to Pay for College](#)

Learn where to find a loan to pay for college, how much to borrow, and what to consider when selecting the loan.

[Comparing College Loan Options](#)

Learn how to compare college loan options, including the differences between Federal Direct Student Loans, the PLUS Loan, and private loans.



Credit Score

Anyone planning to borrow a college loan should understand that the strength of an applicant's credit plays a significant role in the chances of approval and the offered interest rate.



[Understanding Your Credit](#)

Learn how to understand your credit score, which plays a significant part in your eligibility to borrow loans to pay for higher education.



[How Can I Improve my Credit Score?](#)

There are steps you can take to improve your overall credit score.



[How Your Credit Report Affects College Loan Options](#)

Learn why your credit score matters when it comes time to apply for college loans.



[Credit Scores: The Most Important Part of College Financing That Nobody is Talking About](#)

Tips for a healthy credit score include pulling your free annual credit report, identifying the credit score you have and the credit score you need, knowing how your credit score is calculated, and raising your score if necessary.



Student Loan FAQs

There's a lot to know about borrowing loans to pay for college. Make sure you understand the facts and get your questions answered before you apply.

[Questions & Answers about Student Loans](#)

Learn about Federal Direct Student Loans, the PLUS Loan, co-borrowers, loan amount and timing, loans for multiple children, repayment, and credit.

[The Questions People Ask about Student Loans](#)

Learn how private loans for undergraduate students work, how much undergraduates can borrow, if you need a co-borrower for undergraduate loans, and if you can get an undergraduate student loan with bad credit.

[Answering Your Questions about Student Loans](#)

Learn how to get the Federal Direct Student Loan, how lenders decide on the interest rate they offer each borrower, how to pay a loan's origination fee, and how long it usually takes for a student loan application to process.

[Got a Question About College Loans?](#)

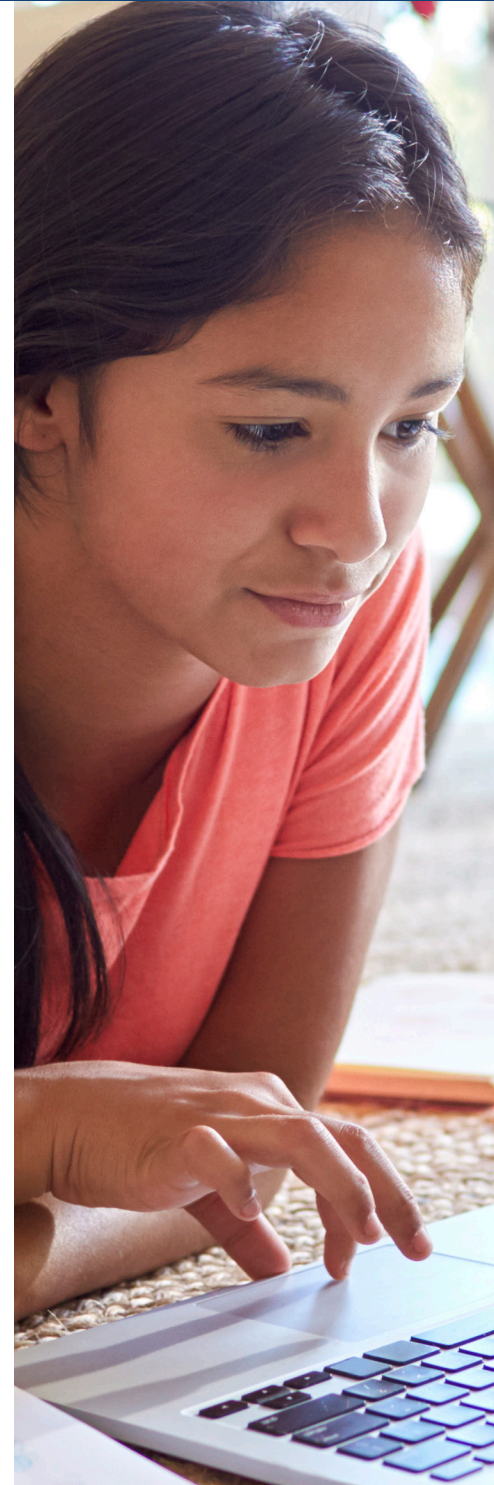
Learn when funds are sent to the college, if you can take a loan for all four years at once, and if you can repay a loan early.

[Borrowing a Loan to Pay for College? Read these FAQs First.](#)

Learn who the loan borrower is, how the funds get to the school, and what to do if you are not approved for a private loan.

[Questions Families Asked about Federal Student Loans](#)

Learn if Federal Direct Student Loans are related to the FAFSA, what the annual loan limit is, the difference between subsidized and unsubsidized loans, and more.



Borrowing Wisely

Anyone planning to borrow a loan to cover college costs should follow wise borrowing tips, including not borrowing more than is needed and making sure the payment amount is manageable.

[Borrowing Wisely Means Having a Plan](#)

Before borrowing, take into consideration what you expect to make in your first job, what your loan payment will look like when you graduate, and your estimate for your other future expenses.

[Talking to Your Child about Paying for College](#)

Discuss who will pay for what, who will borrow loans, what the four-year plan is, and what to do if you can't afford it.

[Wise Borrowing](#)

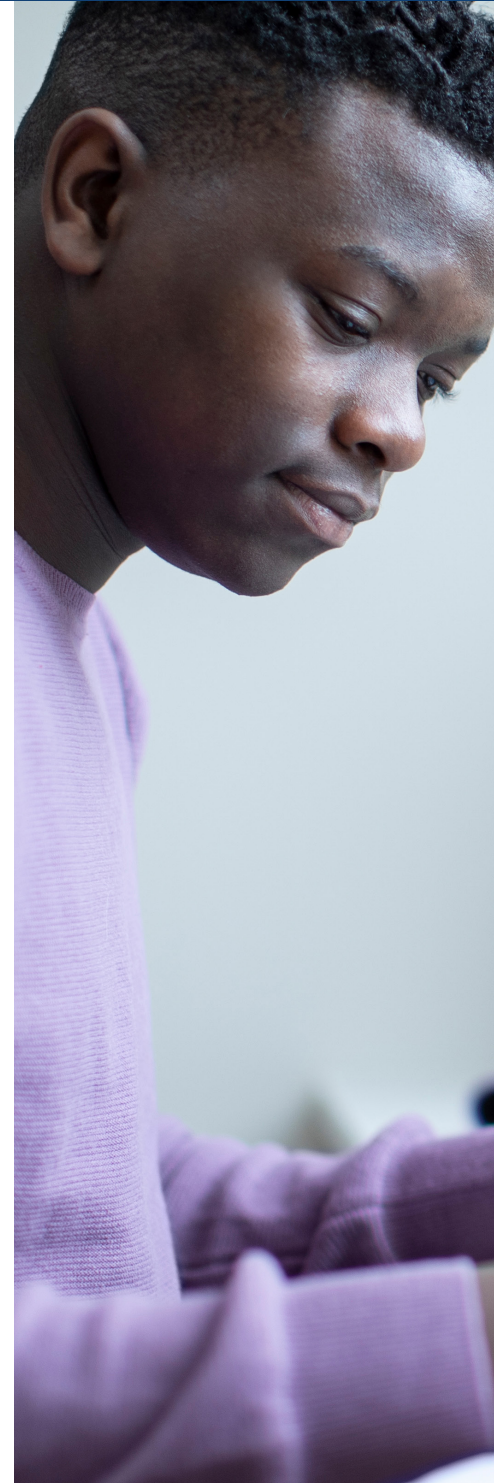
If you're thinking of borrowing a loan for college, you'll want to evaluate all the details of the loan.

[Guidance on Borrowing Loans to Pay for College](#)

Learn factors to consider when selecting a student loan, what loans to apply for, the difference between loans in a student's name and a parent's name, what interest is involved when paying back financial aid, and if Parent PLUS Loans can be put in the student's name after graduation.










[Tips for Private Student Loans](#)

When borrowing money for college, it's a good idea to know as much as you can before you take a private student loan.



MEFA Loans

MEFA offers low-cost, fixed interest rate loans to help cover the cost of college.

-  [MEFA Undergraduate Student Loans](#)
Learn about MEFA's competitive fixed interest rate undergraduate loans.
-  [Student Loan Payment Calculator](#)
View your estimated student loan payment and total cost on an undergraduate MEFA Loan.
-  [Answers to Recent MEFA Loan Questions](#)
Learn if MEFA Loans require means testing, if you can borrow MEFA Loans without borrowing Federal Direct Student Loans, if there's a maximum amount you can borrow, and what to do if you are not sure how much you need to borrow.
-  [What You Need to Know About MEFA Loans](#)
Get the facts including interest rates, no application or origination fees, instant decision on complete applications, multiple repayment options, set monthly payments, and expert guidance.
-  [You've Been Approved for a MEFA Loan. Now What?](#)
Next steps include signing the MEFA Loan Agreement (MLA) and Self-Certification Form, having the college certify the loan, setting up an account with our servicer AES, returning excess funds, and making voluntary payments if you wish to do so.
-  [Understanding MEFA Loan Repayment Options](#)
The repayment term on a MEFA Loan will affect the total loan cost and interest rate, and determine when repayment begins. The sooner the repayment begins, the lower the total cost of the loan.
-  [What You Need to Know About Borrowing a MEFA Loan](#)
Find out how the application process works, who the borrower is, how the total cost differs, what the grace period is, and how borrowers can get help with financial hardships.
-  [The Simple Steps to Applying for a MEFA Loan](#)
We walk you through the steps of applying for a MEFA Loan, including adding a co-borrower, retrieving an application, selecting repayment terms, and e-signing.
-  [MEFA Loans](#)
Find out how to apply for a MEFA Loan, what options are available, and when repayment begins.



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