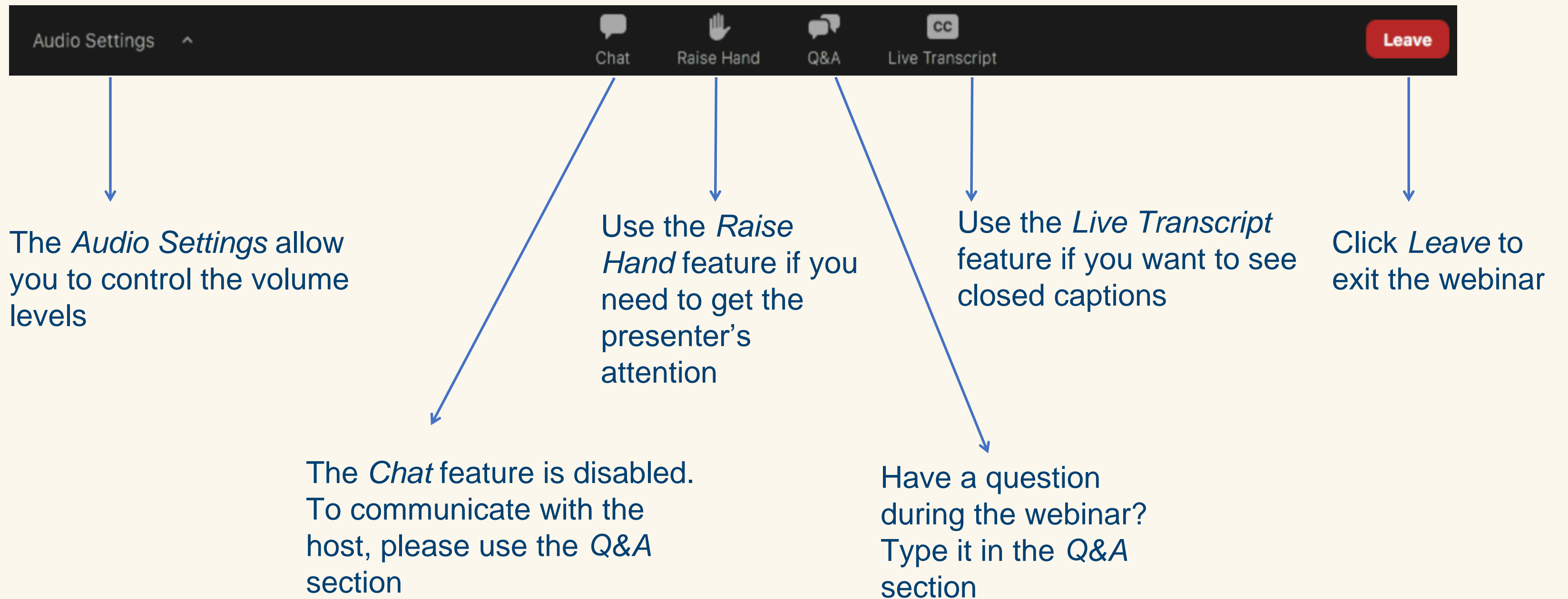


MEFA Loans – What's New for 2023-24

The MEFA Institute

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How to Participate



Your Presenters Today



Stephanie Wells
Director of College Relations



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Director of College Relations



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Sr. Associate, Portfolio Originations

About MEFA

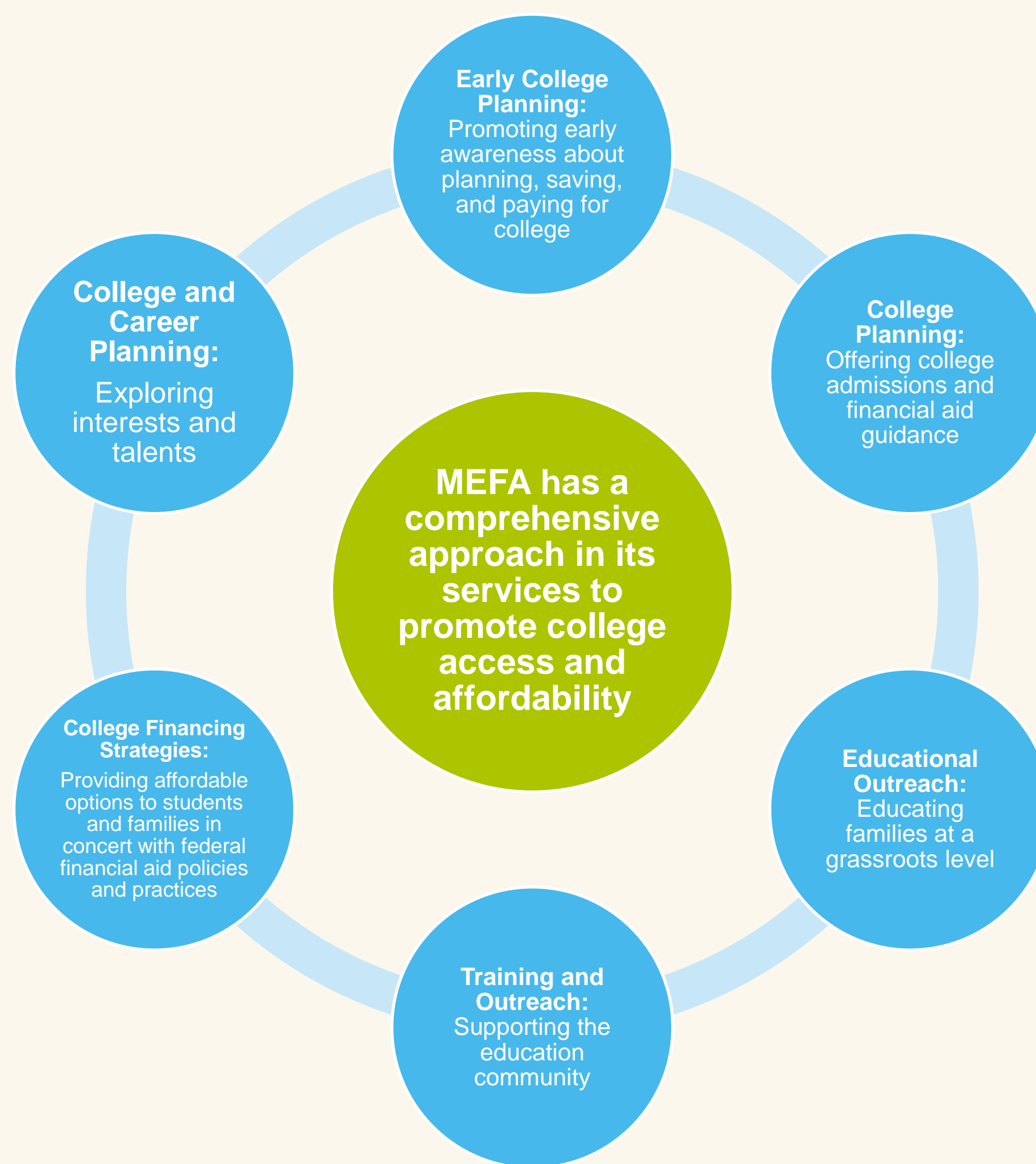
**State authority created by the
Commonwealth of
Massachusetts in 1982,
helping families plan, save,
and pay for college**



Webinar Topics

- **Review new interest rates and loan details**
- **Highlight online tools and guidance**
- **Discuss loan certification options**
- **Explain loan refunds and reductions**
- **Review common FAQ's**
- **Demo MEFA's loan certification portal**

MEFA's Comprehensive Approach



mefa.org/college-admins

The MEFA Institute

Offering trainings on key information about MEFA resources and products and helpful updates on a variety of college planning topics.

Training topics customized for College Administrators, School Counselors and Affiliate Organizations

Upcoming Webinars:

Sept: FAFSA Simplification Updates

8/23: Financial Aid for College Admissions Professionals

7/28: Federal Loan Repayment Options: Choosing the Right Path After the Pause

Loan Guidance for Families

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Interest Rate

- The percentage of the amount borrowed that the lender charges for the use of its money
- Understand the difference between fixed vs. variable
 - Fixed interest rate: monthly payment will remain the same
 - Variable interest rate: monthly payment will adjust with the market
- Find out if there is a cap on variable interest rates
- Most interest rates are tied to the strength of the borrower's credit
- The interest rate may be tied to the chosen repayment option
- Pay attention to the full range of potential interest rates, not just the advertised rate



Repayment Term

- **Specifies the 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

- **Statement providing details about the loan and 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:
Immediate Repayment- over \$10,000!
Deferred Repayment- over \$26,500!

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)
IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.	\$10,000	7.350 %	10 years starting after your final disbursement	\$14,416.80
IMMEDIATE REPAYMENT Pay both the principal and interest amounts while enrolled in school.	\$10,000	7.500 %	15 years starting after your final disbursement	\$17,006.40
INTEREST ONLY REPAYMENT 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	7.950 %	15 years starting after your final disbursement	\$18,583.20
DEFERRED REPAYMENT Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.	\$10,000	7.850 %	15 years starting after your final disbursement	\$19,856.76
STUDENT DEFERRED REPAYMENT Make no payments while in school. Interest will accrue and capitalize once at the beginning of repayment.	\$10,000	7.950 %	15 years starting after your final disbursement	\$20,012.52

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. This example provides estimates based upon four (4) different repayment options available to you while enrolled in school.

Repayment Option (While enrolled in school)	Amount Provided (Directly to your school or you)	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 deferment period (automatic in-school deferment). Interest will be charged and added to your loan.	\$10,000	16.615%	15 years starting after the deferment period	\$46,420.94
2. PAY ONLY THE INTEREST Select the interest-only in-school payment option during the application process and make interest payments but defer payments on the principal amount during the deferment period.	\$10,000	16.615%	15 years starting after the deferment period	\$34,281.84
3. MAKE FIXED IN-SCHOOL PAYMENTS Select the in-school payment option during the application process and make fixed payments of \$25 each month during the deferment period. Unpaid interest will be added to your loan.	\$10,000	16.615%	15 years starting after the deferment period	\$44,270.93
4. MAKE FULL PAYMENTS Pay both the principal and interest amounts (required while enrolled in school less than half-time)	\$10,000	16.615%	15 years starting after your first payment	\$27,200.99

MEFA's Student Loan Payment Calculator

Amount to borrow:

\$10,000

Years before graduation:

4 years

Parent or other co-borrower's credit profile:

Good Very Good Exceptional

Calculate

	<u>Immediate Repayment: 10 Years</u>	<u>Immediate Repayment: 15 Years</u>	<u>Interest-Only Repayment: 15 Years</u>	<u>Deferred Repayment: 15 Years</u>	<u>Student Deferred with Co- borrower Release: 15 Years</u>
In-School Monthly Payment	\$106.39 for 48 months	\$81.04 for 48 months	\$48.30* for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post- School Monthly Payment	\$106.39 for 72 months	\$81.04 for 132 months	\$103.34 for 132 months	\$128.43 for 132 months	\$130.04 for 132 months
Total Cost of Loan	\$12,766.80	\$14,587.20	\$15,959.28	\$16,952.76	\$17,165.28
Interest Rate	4.89%	5.24%	5.74%	5.89%	6.04%
APR	4.89% - 6.64% **	5.24% - 6.74% **	5.74% - 6.94% **	5.89% - 6.89% **	6.04% - 6.99% **

MEFA Loan and PLUS Loan Comparison

	MEFA Loan	Direct PLUS Loan
Interest rate	5.35%-7.95% fixed for 2023-24	8.05% fixed for 2023-24
APR	5.35-7.95%	Not disclosed
Fee	No origination fee	4.228% origination fee
Student on the loan?	Yes	No
Responsibility to repay	Student & co-borrower(s)	Parent
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 Loan Processing

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MEFA Loan Certification and Disbursement Options

ELM

- In July 2020, MEFA joined ELM Resources as a lender partner
- Can disburse via NDN
- If you're a school using ELM, you are able to certify MEFA Loans via ELM
- Undergraduate loans should be processed as a parent/sponsor loan
- mefa.org/loan-certification-through-elm

MEFA online loan certification system

- To create an account, visit mefa.org/certify and click on *Add New School or Users*
- We strongly recommend you set up your school with MEFA Loan EFT disbursements (though not required)
- To establish EFT disbursements, complete the [Wire Transfer Authorization Form](#) on mefa.org/certify and email it to mefacertify@mefa.org



MEFA Loan Eligibility Requirements

By certifying MEFA Loans, you are ensuring the following statements are true:

- The amount certified is equal to or less than the student's Cost of Attendance (COA) less Expected Financial Aid (EFA)
- The student is:
 - Enrolled at least half time in an accredited degree-granting program
 - Making Satisfactory Academic Progress as defined by your institution



Summer Loans & Prior Balance Eligibility

- **Summer Loans**
 - If the student is currently enrolled for the current academic year, a student may borrow a loan for less than half time for the summer session. Summer loans should be certified using the student's enrollment status of at least half-time during the academic year
- **Prior Balance**
 - A MEFA Loan can be used to cover a prior balance for the previous semester. At the time of certification, the student must be enrolled, intending to enroll, or have completed a degree

ELM Processing Guidelines

- In ELM, MEFA Loans should be processed as parent/sponsor loans
- Don't include the MEFA Loan in EFA; the MEFA Loan certified amount can't exceed COA less EFA
- Processing multiple applications from one student that was submitted on the same day recommendations
 - Manually certify the loans on ELMOne
 - Certify the oldest request first
 - Certify using the lender CLUID from the initial request
 - Double check to make sure changes reflects correctly in ELM
- Commonline processing prevents figures over \$99,999. For COA, EFA, and/or loan amounts certified for over \$100,000 we recommend certifying these loans in the MEFA online portal
 - Loans certified in the MEFA portal will still appear on ELM One and disburse via ELM NDN

Loan Amount Changes

- **Prior to Disbursement**
 - Decreases to the loan amount can be made up to three days before disbursement.
 - A school can increase a loan up to the original amount requested up until the final disbursement.
- **Post Disbursement**
 - Decreases to a loan amount would be handled by a school refund.
 - A school can increase a loan up to the original amount requested up until the final disbursement.
 - If a student needs to increase the loan after it's been fully disbursed, the student will need to apply for a new loan.

Loan Refunds

- ELM schools can send refunds via ELM NDN
- For funds disbursed directly from MEFA, not NDN, MEFA encourages the electronic refund process; form can be found on our College Administrator page
- **Check refunds should be sent to:**
MEFA
Attn: Loan Refunds
60 State Street, Suite 900
Boston, MA 02109
- All refunds are processed on Wednesdays
- Interest will be reversed on the refund amount

Connect with MEFA
on Social Media



facebook.com/mefaMA



[@mefa_ma](https://instagram.com/@mefa_ma)



[@MEFAtweets](https://twitter.com/@MEFAtweets)



linkedin.com/company/mefa



youtube.com/MEFAcounselor



mefa.org/mefa-podcast

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Thank You

QUESTIONS?

Contact MEFA
(800) 449-MEFA (6332)
mefacertify@mefa.org
mefa.org/college-admins

Contact ELM
(866) 524-8198
NSC@elmresources.com
ELMResources.com

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MEFA Loan Processing

MEFA Online Loan Certification System Demo

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Highlights


- Very straightforward and user-friendly
- Easy to set up new user access at mefa.org/certify


Find a Student


Full or partial last name is required. The first name or initial is optional and should be separated by a comma (e.g., Smith, J).

Search by

MEFA Loans for: DENISON UNIVERSITY 00304200

 [Certify Loans](#)

 [Loan Status Report](#)

 [Disbursement Roster](#)

Certify Loans

BABSON COLLEGE

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Certify Loans

Search for Loans
Open ▼

- Select loan(s) from the list and complete the certification form, or click on the **Cancel** button to cancel a loan.
- To add more than two disbursements or to request uneven disbursements, click on the student's name to certify on the Loan Detail page.

Loan Period	Cost of Attendance	1st Disb. Date	2nd Disb. Date
MM/YYYY - MM/YYYY	\$ <input type="text"/>	<input type="text"/> <small>📅</small>	<input type="text"/> <small>📅</small>

You may set common values for a group of loans. After selecting one or more loans below, fill in common values and then click the Pre-fill button.

Pre-fill

2 records found * Fields Required for Certification

< Previous Next >

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Certify	Cancel	Student	Loan Status	Documents	Loan Period *	Graduation * Student Level * Enrollment Status*	Eligibility *	Requested \$ Certified \$ *	1st Disb. Date * 2nd Disb. Date
<input checked="" type="checkbox"/>	Cancel	BICE, MARYBETH (7600)	Ready to Certify 04/06/2021	Complete	09/2020 05/2021	Grad Date <input type="text"/> Grade Level (choose one) ▼ Enrollment Status (choose one) ▼	COA \$ <input type="text"/> FinAid \$ <input type="text"/> Max \$ <input type="text"/>	\$16,000 \$ <input type="text"/>	02/12/2021 <input type="text"/>
<input type="checkbox"/>	Cancel	USSERY, BONNIE (0483)	Ready to Certify 11/19/2020	Complete	09/2020- 05/2021			\$13,000 \$0	11/20/2020 01/08/2021

2 records found * Fields Required for Certification

< Previous Next >

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Continue
Reset
Return to Menu

Loan Detail

BABSON COLLEGE
[Main Menu](#) [Log Out](#)

Loan Detail for MARYBETH BICE

Certify **History**
* Fields Required for Certification

- Enter school certification details in data entry fields and click Continue to certify the loan.
- Click the **Cancel** button under School Information to cancel the loan.

Student		Open
Student Name	BICE, MARYBETH	Student SSN XXX-XX-7600

Loan Information		Open
Loan Status	Ready to Certify 04/06/2021	Application ID 3866565
Documents	Complete	Requested Amount \$16,000
Program	UGrad 15 Yr Imm Repay	

School Information		Cancel
Certification Date		
Loan Period Start	09/2020 <input type="text" value="09/2020"/> * MM/YYYY	Cost of Attendance \$ <input type="text"/> *
Loan Period End	05/2021 <input type="text" value="05/2021"/> * MM/YYYY	Financial Aid \$ <input type="text"/> *
Graduation	<input type="text"/> * MM/YYYY	Maximum Eligibility \$ <input type="text" value="0"/>
Student Level	(choose one) *	Certified Amount \$ <input type="text"/>
Enrollment Status	(choose one) *	Loan Amount \$16,000.00 \$ <input type="text" value="16,000"/>

Disbursements	
1st Disbursement State	Disbursement Not Ready
1st Date	02/12/2021 <input type="text" value="02/12/2021"/> *
1st Amount	\$16,000.00 \$ <input type="text" value="16000"/> *

[Add a Disbursement](#)

Continue Reset Return to Certify Loans