

## Credit Considerations

Like other forms of borrowing, most education loans are subject to credit approval. Many lenders use automated credit “scoring” models to determine your creditworthiness. Your credit score is determined by many factors, most notably your record of past credit use. Although credit qualifications and processes vary, two important primary considerations are:

### CREDIT HISTORY

A track record of timely repayments on other debts indicates that an applicant is likely to continue to manage future credit obligations well.

### SUFFICIENT INCOME TO MEET PAYMENTS

Lenders will typically review an applicant’s current income and compare it to his/her monthly debts. After deducting fixed monthly obligations (including rent or mortgage, car loans, education loans, and payments on other consumer loans and credit cards) from after-tax income, there must be sufficient resources to pay everyday living expenses such as food, clothing, utilities, transportation, insurance, etc.

For more information, or if you have any questions, please call MEFA at **800-449-MEFA (6332)** or visit our website at [www.mefa.org/umassamherst](http://www.mefa.org/umassamherst).

See inside for detailed information on financing options for parents and students.

## Additional Information

### FINANCIAL AID SERVICES

**Student Affairs and Campus Life**

#### University of Massachusetts Amherst

255 Whitmore Administration Bldg.  
181 Presidents Drive  
Amherst, MA 01003-9313

Phone: 413-545-0801

Fax: 413-545-1700

TDD: 413-545-9420

[www.umass.edu/umfa](http://www.umass.edu/umfa)

### HOURS OF OPERATION

Monday through Friday 8 am to 5 pm.

#### University Help line:

413-545-6900, 9 am to 5 pm

Trained staff are available to answer all university related question including Financial Aid, Bursar’s and Housing.



2007-08

**University of  
Massachusetts  
Amherst**

## Alternative Financing Options

**mefa** | CELEBRATING **25** YEARS  
of Excellence in Education Financing

125 Summer Street, Suite 300  
Boston, MA 02110  
800-449-MEFA (6332)  
[www.mefa.org](http://www.mefa.org)

**A Guide to Financing Options  
for Parents and Students  
attending UMass Amherst**



## Introduction

If you and your family do not qualify for need-based assistance or you need to supplement your financial aid award, there are several programs for parents and students which may help finance all or part of the cost of attending UMass Amherst. Before applying for any of these programs be sure you have applied for need-based financial aid and have received a decision from our office.

Planning to meet college costs is an investment in the future. Families and students have many choices in financing this investment, including federal and school-based financial aid programs, outside grants and scholarships, part-time work and education loans. This guide is to help families make an educated choice about borrowing to pay for higher education costs or choosing an affordable payment plan to help reduce debt. It contains information on types of loans available to students and parents, including qualifications and repayment terms. It also provides helpful advice on determining your financing needs and comparing loan features.

We hope this guide will assist you in selecting the program that best meets the financing needs of your family's educational goals.

To speak to an Education Payment Counselor who will help you determine the lowest-cost financing option for your budget, call 800-449-MEFA (6332).

Monday-Friday - 8:00 a.m. to 10:00 p.m.

Saturday - 9:00 a.m. to 3:00 p.m.

## Determining Financial Need

The following worksheet may be helpful to estimate your out-of-pocket expenses. Please remember that federal loans, including the Federal Direct PLUS Loan have an Origination fee (not to exceed a total of 2.50%) deducted from the total amount borrowed before disbursement. Loan proceeds are disbursed equally by term to the students University account.

To determine your need begin by totaling your tuition, room and board expenses, and fees. Then, subtract any scholarships, grants, loans, loan fees and deposits paid to arrive at your estimated out-of-pocket expenses due to the University.

### Expense Planner

#### 1. Enter your estimated expenses.

Tuition	\$	_____
Room & Board	+	\$ _____
Fees	+	\$ _____

**A. Total Direct Expenses = \$** \_\_\_\_\_

#### 2. Enter your financial aid for the academic year.

Use amounts provided from your award letter.

Deposits paid to UMass	\$	_____
UMass Scholarship	+	\$ _____
Federal Pell Grant	+	\$ _____
State Grant	+	\$ _____
Federal SEOG	+	\$ _____
Federal Perkins Loan	+	\$ _____
Federal Direct Loan*	+	\$ _____
Other Scholarships/Grants	+	\$ _____

**B. Total Financial Assistance = \$** \_\_\_\_\_

*(Do not include federal work-study)*

*\*Multiply amount borrowed by 0.99 to calculate net disbursement.*

#### 3. Subtract Total Financial Assistance from your Total Direct Expenses to arrive at the total amount you will owe to UMass. Then divide by 10 to arrive at your Monthly Payment Amount.

Total amount you will owe to UMass (A-B)	=	\$ _____
Number of monthly payments in your plan	÷	_____ 10

**C. Your Monthly Payment\* = \$** \_\_\_\_\_

*\* If this amount is not affordable, call 800-449-MEFA (6332) to speak with an Education Payment Counselor.*

*Please remember that in addition to the direct-billed charges, UMass Amherst students will also need to purchase books and supplies and cover weekly living expenses including transportation throughout the year. Students who receive financial aid from UMass Amherst are budgeted \$1,000 for books and supplies, \$1,400 for personal expenses and transportation.*

## Evaluating Loan Features

The following are some of the important factors to consider in evaluating borrowing options:

**Interest Rate:** Interest is money paid to the lender for the use of borrowed funds. Comparing interest rates is a helpful indicator of the relative cost when comparing two loans.

**Fixed vs. Variable Rate:** While most education loans feature variable interest rates, some have interest rates that are fixed for the life of the loan. Interest charged on variable rate loans is subject to change, anywhere from monthly to annually. The interest rate is normally tied to an index such as Prime Rate, U.S. Treasury Bills, Auction Rate Securities, or another rate that may fluctuate over time. In evaluating a variable rate loan, you should understand how frequently your payment may change, and whether there is any cap on how high the interest rate may go.

**Loan Fees:** In addition to interest, many loans have additional fees that are either added to the loan amount or deducted from the loan proceeds. These may be referred to as Origination Fees or Guarantee Fees.

**Annual Percentage Rate (APR):** The APR reflects the total cost of borrowing money over the life of the loan, considering not only the interest rate, but also the effect of other fees on the total cost of repaying the amount financed.

**Required Monthly Payment:** For many families, the amount of the monthly payment is an important factor in choosing a loan. To estimate the monthly payment required to repay each thousand dollars borrowed for a MEFA Loan, please visit the College Loans section of MEFA's website at [www.mefa.org](http://www.mefa.org) and try the Loan Payment Calculators.

**Grace Period:** The grace period is the six-month payment-free period that follows the student's graduation, withdrawal, or dropping below half-time enrollment status.

# UMass Amherst Financing Options

## Payment Plan

PROGRAMS	WHAT IS THE INTEREST RATE? ARE THERE ANY FEES?	WHO IS ELIGIBLE TO APPLY?	WHAT ARE THE MINIMUM AND MAXIMUM AMOUNTS?	BORROWER BENEFITS? CONDITIONS OF REPAYMENT?	HOW TO APPLY?
<p><b>Interest-Free Monthly Payment Option</b></p> <p>Administered by Tuition Management Systems.</p>	<ul style="list-style-type: none"> <li>No interest charges.</li> <li>\$45 enrollment fee.</li> </ul>	<ul style="list-style-type: none"> <li>Available to students, parents, guardians, family, friends, etc.</li> <li>Every student and family regardless of need or financial standing, is eligible to use the Monthly Payment Option.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: None.</li> <li>Annual Maximum: Cost of attendance minus financial aid/scholarship/resources.</li> </ul>	<ul style="list-style-type: none"> <li>10 monthly payments beginning July 1, 2007.</li> </ul>	<ul style="list-style-type: none"> <li>Contact Tuition Management Systems at 888-216-4258 or visit <a href="http://www.mefa.org/umassamherst">www.mefa.org/umassamherst</a>.</li> </ul>

## Parent Loans

<p><b>MEFA Undergraduate Loan</b></p> <p>Low cost loan program widely available to families of students attending Massachusetts colleges and universities as well as Massachusetts residents attending colleges and universities outside of the Commonwealth.</p>	<ul style="list-style-type: none"> <li>Borrowers can choose from 2 options:                             <ul style="list-style-type: none"> <li><b>Fixed Interest Rate:</b> 6.39% (APR 6.71%*) for the life of the loan.</li> <li><b>Variable Interest Rate:</b> 3-month LIBOR + 2.20% adjusted quarterly (APR 7.89%* as of April 1, 2007 based on 3-month LIBOR rate of 5.35%). <b>Interest rate will never exceed 12%.</b> Visit <a href="http://www.mefa.org">www.mefa.org</a> for current variable interest rate.</li> </ul> </li> <li>For both interest rate options:                             <ul style="list-style-type: none"> <li>Guaranteed renewal for all subsequent years in school. †</li> <li>Origination fee of 2.50% added to the loan amount at disbursement.</li> <li>Interest rate will be 0.50% higher if payments are deferred.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Primary borrower may be parent, legal guardian, spouse or any credit-worthy individual.</li> <li>Student must be enrolled at least half-time in a degree granting program at an eligible non-profit college or university.</li> <li>Canadian and other International students must have a primary borrower who is a U.S. citizen or permanent resident and submit tax returns.</li> <li>Student must attend a Massachusetts college or university, OR student or borrower must be a resident of Massachusetts.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: \$1,500.</li> <li>Annual Maximum: Up to cost of attendance minus other financial aid received.</li> <li>Aggregate Maximum: None.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment begins within 45 days after loan is fully disbursed.</li> <li>Deferral option available. Visit <a href="http://www.mefa.org">www.mefa.org</a> or contact MEFA at 800-449-MEFA (6332).</li> <li>20 year repayment term with up to 5 year deferral period added to the 20 years.</li> <li>No prepayment penalty.</li> <li>100% tax deductibility of interest payments may be available.** Visit <a href="http://www.mefa.org/heo">www.mefa.org/heo</a> for more information.</li> </ul>	<ul style="list-style-type: none"> <li>Apply online at <a href="http://www.mefa.org/umassamherst">www.mefa.org/umassamherst</a></li> <li>Call 800-449-MEFA (6332)</li> </ul>
<p><b>Federal Direct Parent Loan for Undergraduate Students (PLUS)</b></p> <p>Federally-insured parent loan. UMass is a participant in the William D. Ford Direct Loan program, therefore all PLUS loans are processed by UMass.</p>	<ul style="list-style-type: none"> <li>Interest rate is currently fixed at 7.90%. New rates will be set on July 1, 2007 for loans disbursed between July 1, 2007 and June 30, 2008.</li> <li>Guarantee and origination fees not to exceed 2.50% (as of July 1, 2007) are deducted from the loan proceeds upon disbursement.</li> <li>Loans are disbursed in equal payments for each term of enrollment.</li> </ul>	<ul style="list-style-type: none"> <li>Borrower must be a parent or legal guardian of a dependent, undergraduate student.</li> <li>Borrower must be a U.S. citizen or a permanent resident.</li> <li>Borrowers must be credit-worthy.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: None.</li> <li>Annual Maximum: Up to cost of attendance minus financial aid received.</li> <li>Aggregate Maximum: None.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment of principal and interest begins 60 days after loan is fully disbursed.</li> <li>Monthly payment amount is dependent upon amount borrowed; minimum is \$50 a month.</li> <li>Repayment extends up to 10 years.</li> </ul>	<ul style="list-style-type: none"> <li>Contact the UMass Amherst Financial Aid Services at 413-545-0801.</li> <li>Download the Parent PLUS pre-application at: <a href="http://www.umass.edu/umfa/forms_and_publications">www.umass.edu/umfa/forms_and_publications</a>.</li> </ul>

## Alternative Student Loans

<p><b>MEFA Student Alternative Loan</b></p> <p>Available to students attending Massachusetts colleges and universities as well as Massachusetts residents attending colleges and universities outside of the Commonwealth.</p>	<ul style="list-style-type: none"> <li>Prime + 0% (APR as low as 8.19% - 9.03%*) adjusted quarterly.</li> <li>Interest rate will never exceed 12%.</li> <li>An Origination fee is added to the loan amount:                             <ul style="list-style-type: none"> <li>3.00% with a co-borrower.</li> <li>6.00% without a co-borrower.</li> </ul> </li> <li>Interest is capitalized only once at repayment.</li> <li>Visit <a href="http://www.mefa.org">www.mefa.org</a> for current rate.</li> </ul>	<ul style="list-style-type: none"> <li>Student borrower must be enrolled at least half-time in a degree granting program at an eligible non-profit college or university.</li> <li>Canadian and other International students must have a primary borrower who is a U.S. citizen or permanent resident and submit tax returns.</li> <li>A co-borrower is required for students that earn less than \$18,000 per year.</li> <li>Student must attend a Massachusetts college or university, OR student or co-borrower must be a resident of Massachusetts.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: \$1,500.</li> <li>Annual Maximum: Up to cost of attendance minus other financial aid received.</li> <li>Aggregate Maximum: None.</li> </ul>	<ul style="list-style-type: none"> <li>20 year repayment period with up to 4 year deferral period added to the 20 years.</li> <li>Deferral details available at <a href="http://www.mefa.org">www.mefa.org</a>.</li> <li>Repayment begins 6 months after student graduates or ceases to be enrolled at least half-time.</li> <li>Co-borrower release option: Co-borrower may be released if the first 48 consecutive payments are made on-time and the student borrower is a credit-worthy U.S. citizen or permanent resident at the time the release is requested.</li> <li>100% tax deductibility of interest payments may be available.** Visit <a href="http://www.mefa.org/heo">www.mefa.org/heo</a> for more information.</li> </ul>	<ul style="list-style-type: none"> <li>Apply online at <a href="http://www.mefa.org/umassamherst">www.mefa.org/umassamherst</a></li> <li>Call MEFA at 800-449-MEFA (6332)</li> </ul>
<p><b>Signature Student Loan®</b></p>	<ul style="list-style-type: none"> <li>Prime - 1% to Prime + 6%. Highest credit rating determines interest rate.</li> <li>Variable interest rate adjusted quarterly.</li> <li>Origination fees of 0 – 3% based upon borrower and co-signer credit score.</li> <li>Interest accrues while the student is enrolled and capitalizes at the end of the 6-month grace period.</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate and graduate students enrolled at least half-time who are making satisfactory academic progress.</li> <li>Student must be a U.S. citizen, national, or permanent resident or eligible non-citizen.</li> <li>Co-signer required for freshman students.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: \$500 per year.</li> <li>Annual Maximum: Up to cost of attendance minus other financial aid received.</li> <li>Aggregate: None.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment extends up to 15 years. Graduated and extended repayment (up to 25 years) available.</li> <li>Six-month grace period before repayment begins.</li> <li>Co-signer release option available after 24 on-time payments. The borrower must meet applicable credit requirements at that time.</li> <li>Enrolled students may use the loan for a past due balance.</li> </ul>	<ul style="list-style-type: none"> <li>Contact Signature customer service at 800-695-3317, or</li> <li>Apply online at <a href="http://www.salliemae.com/signature/citizens">www.salliemae.com/signature/citizens</a>.</li> </ul>
<p><b>CitiAssist® Loan</b></p>	<ul style="list-style-type: none"> <li>Prime - 0.5% to Prime + 4.0% based on credit review and cosigner presence.</li> <li>Interest rate adjusts quarterly.</li> <li>Interest capitalizes once at repayment.</li> <li>No Origination or repayment fees.</li> </ul>	<ul style="list-style-type: none"> <li>Student may be enrolled less than half-time, half-time, or full-time.</li> <li>Co-signer required for students who earn less than \$18,000 per year.</li> <li>If required, co-signer must be a U.S. citizen or permanent resident.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: None.</li> <li>Annual Maximum: Cost of attendance minus other financial aid received.</li> <li>Aggregate loan amount for Undergraduate students is \$120,000; \$150,000 for Graduate students.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment extends up to 20 years for undergraduate students.</li> <li>Payments are not required while student attends college at least half-time and during the 6 month grace period.</li> <li>0.25% E-Z Pay interest rate reduction for borrowers who have payments automatically deducted from a bank account. Borrowers must receive their statements electronically to qualify for E-Z Pay rate discount.</li> <li>0.50% interest rate reduction for borrowers who make their first 48 consecutive payments on-time.</li> <li>Co-signer release option available to creditworthy graduates after 48 consecutive on time payments.</li> <li>Interest-only payments available for up to four years.</li> </ul>	<ul style="list-style-type: none"> <li>Contact Citibank at 800-967-2400, or</li> <li>Apply online at <a href="http://www.studentloan.com/schools/umass">www.studentloan.com/schools/umass</a>.</li> </ul>
<p><b>The Campus Door Alternative Loan</b></p>	<ul style="list-style-type: none"> <li>Prime - 0.5% to Prime + 2.5%.</li> <li>Variable interest rate adjusted quarterly.</li> <li>Origination fees of 0% to 5% based upon borrower and co-signer credit score.</li> <li>Interest is capitalized only once at repayment.</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate students enrolled at least half-time in a degree-granting program.</li> <li>U.S. citizen, permanent resident, or eligible non-citizen.</li> <li>Co-signer required for freshman students.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: \$500</li> <li>Annual Maximum: Cost of attendance minus other financial aid received.</li> <li>Aggregate loan amount for undergraduate students is \$120,000.</li> </ul>	<ul style="list-style-type: none"> <li>Funds can cover past due balances.</li> <li>Repayment begins 12 months after student graduates, or 6 months after student withdraws or attends school less than half time.</li> <li>Repayment extends up to 20 years.</li> </ul>	<ul style="list-style-type: none"> <li>Apply online at <a href="http://www.campusdoor.com/afc">www.campusdoor.com/afc</a>, or</li> <li>Contact Campus Door Customer Service at 800-786-0002.</li> </ul>
<p><b>Wachovia Education Loan<sup>SM</sup></b></p>	<ul style="list-style-type: none"> <li>Prime - 0.5% to Prime + 5.0%.</li> <li>Interest rate adjusts quarterly.</li> <li>No fees with credit-worthy borrower or co-borrower.</li> <li>Interest is capitalized only once at repayment.</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduates and international students enrolled at least half time in a degree granting program.</li> <li>U.S. citizen or permanent resident.</li> <li>International/foreign students with a U.S. citizen or permanent resident co-borrower.</li> <li>Co-signer required for freshman students.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum: \$500</li> <li>Annual Maximum: Cost of attendance minus other financial aid received.</li> <li>Funds may be used for past balances for up to three years.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment extends 20 to 25 years for undergraduate students.</li> <li>Repayment begins 6 months after graduation or after the student withdraws from school.</li> <li>Repayment may be deferred for up to five years if the student is enrolled half-time or more.</li> </ul>	<ul style="list-style-type: none"> <li>Call Wachovia at 800-338-2243, or</li> <li>Apply online at <a href="http://www.wachovia.com/education">www.wachovia.com/education</a>.</li> </ul>

\* Annual Percentage Rate (APR) reflects both the accruing interest and the effect of borrowing the Origination fee and paying the expected monthly payment over the term of the loan. APR will vary based on graduation date and presence of co-borrower.

† Guaranteed approval on all renewal loan applications provided that the borrower doesn't default on an education loan and that the student borrower and co-borrower(s) remain the same. This applies to the MEFA Undergraduate Loan with Immediate Repayment and the MEFA Graduate Loan only.

\*\* Consult a tax advisor for more information.