Student Loan Repayment:

Is Refinance The Right Strategy?

November 4, 2019 - presented by Brian Reed

A Better Student Loan Experience.

collegeave.com
Today’s Agenda

Developing a Loan Repayment Strategy

‣ Student Loan Repayment 101

‣ Consolidate or Refinance?

‣ Refinance Process
Student Loan Repayment 101
Graduates Often Ask…

**Questions**

- What is the ideal student loan repayment option?
- Should I consolidate or refinance?
- Should I go with a fixed or variable-rate loan?
- How likely am I to qualify for loan refinance?
- Do I have time to decide?
- How much debt will I have?

**Answers**

- It depends……
Loan Refinance FAQs

‣ What are the benefits of refinancing student loan(s)?

Refinancing is intended to save the borrower money – monthly and/or over time – while providing budget flexibility.

‣ Who should consider refinancing their student loan?

Refinancing can be a great option for working graduates who have one or more federal and/or private loans.

‣ Is a cosigner required to refinance?

A cosigner is not required if a graduate can qualify on their own.

‣ What’s at risk when refinancing or consolidating student loans?

When refinancing federal loans a borrower forfeits the benefits of those loan(s). Federal loans offer unique benefits such as income-based repayment (IBR) and loan forgiveness programs. These should be carefully considered.

‣ Are you currently serving in active duty in the military?

Members of the military may qualify for Servicemembers Civil Relief Act (SCRA) benefits. However, these benefits will likely be forfeited as part of any refinancing.
Loan Refinance FAQs

‣ **What are the eligibility requirements for a refi loan?**

To qualify, a borrower must be at least 18 years old, be a U.S. citizen or permanent resident, have graduated from a selection of Title IV eligible undergraduate or graduate programs and meet the lender’s underwriting requirements.

‣ **What information about the loan(s) being refinanced is needed to apply?**
  - servicer name
  - account number
  - amount to be refinance

‣ **What is the minimum and maximum amount that can be refinanced?**

Every lender is different - at College Ave, the minimum refinance loan amount is $5,000 while the maximum loan amount is $150,000 for students who have earned their undergraduate or graduate degrees and $300,000 for graduates of medical, dental, veterinary or pharmacy programs.
Federal Repayment Plans and Benefits

Public Service Loan Forgiveness:

➢ PSLF is designed to encourage students to consider public service careers (e.g. firefighting, teaching, government, nursing, public interest law and the military) in exchange for forgiving a remaining loan balance
➢ 10 years of loans payments must be made while working for the government or a nonprofit before qualifying
Private Loan Repayment Plans and Benefits

Options to make payments while in school to reduce the overall cost of borrowing:

- Full Principal & Interest
- Interest Only
- Flat Payment Amount
- Auto-Debit Rate Reduction
Consolidate or Refinance
Identifying Loans

Federal

National Student Loan Data System (NSLDS)

Private

Credit Report

Financial Aid Office

Personal Records
## Consolidate or Refinance

<table>
<thead>
<tr>
<th></th>
<th>Federal loans</th>
<th>Private loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidation</strong></td>
<td>Federal Direct Consolidation loan</td>
<td>Private lender</td>
</tr>
<tr>
<td><strong>Refinancing</strong></td>
<td>Refinance through a private lender while forfeiting federal loan benefits</td>
<td>Private lender</td>
</tr>
</tbody>
</table>

### Consolidation:
- Bundling multiple federal loans into one – very convenient
- Won’t typically lower the interest rate
- Rates are fixed and calculated by taking a weighted average of the interest rates of the loans being consolidated

### Refinancing:
- Taking out a new loan – usually one with a lower interest rate – to repay one or more existing loans
- Lender will evaluate credit history and offer new loan terms
- Favorable rate environment helps borrowers save money
### Consolidate or Refinance Considerations

<table>
<thead>
<tr>
<th></th>
<th>Federal Loan Consolidation</th>
<th>Student Loan Refinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are federal loans eligible?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Are private loans eligible?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is a credit check required?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Can I lower my interest rate?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Will I save money?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Will I get one bill?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Federal loan forgiveness?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
**Examples - Refinance or Consolidate?**

<table>
<thead>
<tr>
<th>Dylan</th>
<th>Madeleine</th>
<th>Duane</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will earns his MBA from Vanderbilt in one month</td>
<td>Masters in Public Policy from University of New Mexico</td>
<td>Civil Engineering with 4 children in college</td>
</tr>
<tr>
<td>Accepted an offer from a major bank as a financial analyst</td>
<td>Currently a paralegal at the Dept. of Justice</td>
<td>Successful business owner</td>
</tr>
<tr>
<td>Starting salary $115,000/year</td>
<td>Current salary $55,000/year</td>
<td>Current income $180,000/year</td>
</tr>
<tr>
<td>770 credit score</td>
<td>660 credit score</td>
<td>820 credit score</td>
</tr>
<tr>
<td>Owes $41,000 from 5 Federal loans and $50,000 from 2 Private loans</td>
<td>Owes $31,000 is 8 Federal loans with 3 different loan servicers; $12,000 in 2 Private student loans</td>
<td>Owes $125,000 in 3 Federal PLUS loans</td>
</tr>
</tbody>
</table>

- **Refinance all loans after graduation**
- **Consolidate Federal Loans; Refinance if credit improves**
- **Delay Refinance if she remains at DOJ (for loan forgiveness)**
- **Refinance Federal PLUS loans**
## REFINANCE LOAN
(ACADEMIC YEAR 2019-20)

### RATES
- Variable rates from **2.74%** to **6.24% APR**
- Fixed rates from **3.54%** to **6.24% APR**
  (all rates shown include auto-pay discount)

### FEES
No origination or application fees and no penalty for early repayment

### ELIGIBILITY
Borrower must be at least 18 years old, be a U.S. citizen or permanent resident, have graduated from a selection of Title IV eligible undergraduate or graduate programs, and meet College Ave Refi’s underwriting requirements. Federal and private loans can be refinanced. No prior College Ave loans required.

### IN-SCHOOL REPAYMENT OPTIONS
- **Immediate Full Principal & Interest**

### REPAYMENT TERMS
Ranging from **5** to **20 years** *(or any in between)*, whatever works best for the borrower

### LOAN AMOUNT
- Minimum: **$5,000**
- Maximum: **$150,000**
- Graduates of Undergraduate or Graduate Programs: **$150,000**
- Graduates of Medical, Dental, Veterinary, or Pharmacy Programs: **$300,000**

### BENEFITS
**Auto-Pay Rate Reduction: 0.25%** interest rate reduction for automatic payments

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* The 0.25% auto-pay interest rate reduction applies as long as a valid bank account is designated for required monthly payments. Variable rates may increase after consummation.

Pricing as of October 4, 2019
Ready for your Refinance application?

Find out if you’re approved in 3 minutes

GET STARTED

To complete your application, you’ll need:

- Your social security number
- Your estimated annual income
- The amount you’d like to borrow

Once approved, you’ll see your interest rates.

Already started an application? Find it here.

What if I’m applying with a cosigner?

As the borrower, you'll complete the application first. We'll ask you during the application whether you have a cosigner and give you directions for them to apply. Your cosigner doesn’t have to be with you to get started.

While not required, applying with a cosigner who has good credit may help you qualify for a loan or receive a lower interest rate.
Here's the Borrower Application

Or, find your existing application

Basic Information

First Name

Middle initial (optional)

Last Name

Suffix (optional)

Email

Contact Information

Phone

By providing your email address, we may use it to contact you about your loan and tell you about our products and services. We will not sell your information to any third parties for marketing.
Your permanent address is the address we will use to verify your identity. Be sure this matches the address on your license or other government IDs. P.O. Boxes are not accepted.

You don't need to include alimony, child support, or separate maintenance income if you don't want it considered.
School Information

Highest Degree Obtained

Bachelor's Degree

State of the Last School You Attended

Arizona

Name of the Last School You Attended

Show full list of schools in Arizona

Can't find your school?

Disclosures and Consent

I agree to receive my account opening disclosures and servicing communications, including monthly billing statements, electronically. I have access to at least one device with internet access, an internet browser with modern 256-bit encryption security, software that allows me to receive and access Portable Document Format (PDF) files, such as Adobe Acrobat Reader (available for download at http://get.adobe.com/reader/), and I have reviewed the full Electronic Communications disclosures.

REVIEW TERMS

Next, you’ll see a summary of the possible rates and fees available on the loan; it’s not your specific offer. By reviewing it and continuing, you’re just telling us you still want to apply. You’re not committing to take the loan.
You're close to finding out if you're approved

How do you want to apply?

With A Cosigner  On My Own

By submitting, you agree to the following:

- The information provided is correct, to the best of your knowledge.
- We have permission to obtain your credit report.

Federal law requires us to obtain, verify, and record information that identifies anyone who takes a loan. In some cases, we may need documents to confirm your identity.

I have read and agree to the Privacy Policy of the lender, M.Y. SARRA BANK FSB, member FDIC ("M.Y. SARRA BANK FSB").

SUBMIT APPLICATION
Congratulations! You're approved to refinance $150,000

We've found these loans on your credit report that are eligible to be refinanced.

For the loan to be a qualified education expense, you must have used the money to finance your attendance at any accredited college, university, vocational school, or other postsecondary institution. You could have used the loan funds for related tuition and fees, room and board, books, supplies, and equipment, or other necessary expenses (such as transportation).

We are displaying the last reported student loan balances from your credit report. They may not reflect recent payments or accrued interest, so they are not payoff quotes. For precise payoff quotes, contact your existing loan servicer(s).
Refinancing or consolidating private and federal student loans may not be the right decision for everyone. Federal loans do carry some special benefits, for example, public service forgiveness and economic hardship programs, fee waivers and rebates on the principal, which may not be accessible to you after you refinance. Benefits that exist with federal loans and/or private loans could be forfeited by consolidating them into a new private loan.
You’re ready to e-sign your loan documents.

You’ll be brought to a secure e-sign site to electronically sign your loan documents. Once you’ve signed, click “Finish and Submit Electronically” and you’ll be returned to our site.

E-SIGN BORROWER DOCS

Having trouble e-signing? Click here.

We’ll check your status and take you to the next step.

What happens after e-signing your loan?

After you’ve e-signed, we’ll run an ID check to comply with federal requirements. We’ll let you know if you need to verify your identity.

If you prefer to physically sign a paper document instead of signing electronically, please contact us at 844-482-7503.
Contact Information

Say Hello!
If you have a question, suggestion, or just need a little more detail, you can contact us using any of the options below.

Ciel Senechal
562-826-7636
csenechal@collegeave.com

College Ave Website
https://www.collegeavestudentloans.com/

Campus/School Services
844-422-7501
schools@collegeave.com

Borrower Services
844-422-7502
studentloans@collegeave.com

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