

## IMPORTANT DISCLOSURE ABOUT REFINANCING YOUR LOANS

You are eligible to apply to refinance both private student loans and government loans, other than Federal Perkins loans, with this consolidation loan. If any of the loans that you are refinancing are government loans, you should be aware of the following important facts about how refinancing may affect your rights.

1. A government loan is made according to rules set by the U.S. Department of Education. Government loans have fixed interest rates, meaning that the interest rate on a government loan will never go up or down.
2. Government loans also permit borrowers in financial trouble to use certain options, such as income-based repayment, which may help some borrowers. Depending on the type of loan that you have, the government may discharge your loan if you die or become permanently disabled.
3. Depending on what type of government loan that you have, you may be eligible for loan forgiveness in exchange for performing certain types of public service. If you are an active-duty servicemember and you obtained your government loan before you were called to active duty, you are entitled to interest rate and repayment benefits for your loan.
4. If you are unable to pay your government loan, the government can refer your loan to a collection agency or sue you for the unpaid amount. In addition, the government has special powers to collect the loan, such as taking your tax refund and applying it to your loan balance.
5. A private student loan is not a government loan and is not regulated by the Department of Education. A private student loan is instead regulated like other consumer loans under both state and federal law and by the terms of the promissory note with your lender.
6. If you refinance your government loan, your new lender will use the proceeds of your new loan to pay off your government loan. Private student loan lenders do not have to honor any of the benefits that apply to government loans. Because your government loan will be gone after refinancing, you will lose any benefits that apply to that loan. If you are an active-duty servicemember, your new loan will not be eligible for certain servicemember benefits under the federal Servicemembers Civil Relief Act, 50 USC §§ 3901 *et seq.* Most importantly, once you refinance your government loan, you will not be able to reinstate your government loan if you become dissatisfied with the terms of your private student loan.
7. Your private student loan will have a fixed interest rate that will never go up or down and that may be less than the rate of your government loan. If the interest rate on the new private student loan is less than the interest rate on your government loans, your payments may be less if you refinance depending on your loan term and other factors.
8. If you are a borrower with a secure job, emergency savings, strong credit and are unlikely to need any of the options available to distressed borrowers of government loans, a refinance of your government loans into a private student loan may be attractive to you. You should consider the costs and benefits of refinancing carefully before you refinance.

# Refinance Disclosure

9. If you don't pay a private student loan as agreed, the lender can refer your loan to a collection agency or sue you for the unpaid amount.
10. Remember also that like government loans, most private loans cannot be discharged if you file bankruptcy unless you can demonstrate that repayment of the loan would cause you an undue hardship. In most bankruptcy courts, proving undue hardship is very difficult for most borrowers.
11. If you refinance a Parent PLUS Loan into a new private loan, you will become responsible for additional debt that you did not previously owe. Please note that paying off an obligation owed by someone else, such as Parent PLUS Loan, may trigger certain gift tax consequences under the Internal Revenue Code, 26 USC §§ 1 *et seq.* In such circumstances we recommend that you consult a tax attorney.



## Loan Interest Rate & Fees - Fixed

Your **interest rate** will be between

3.99%

and

18.00%

After the rate is set, your loan will remain fixed for the life of the loan.

### Your Interest Rate (upon approval)

The interest rate you pay will be determined after you apply and accept your loan. Your interest rate will be based on your credit history and other factors (cosigner credit, repayment term, etc.). If approved, we will notify you of the rate you qualify for within the stated range.

### Your Interest Rate during the life of the loan

**Your rate is fixed and will remain fixed for the life of the loan.**

This means that once your rate is determined, the rate will not change. For more information on this rate, see the reference notes.

The rate will be fixed for the life of the loan.

## Loan Fees

**Late Payment Charge:** \$25.00.

**Returned Payment Charge:** \$25.00.

**Collection and Default Charges:** In the event of a default, you may incur additional collection charges as permitted under applicable law.

## Loan Cost Examples

The total amount you will pay for this loan will vary depending on the interest rate, the selected loan term, and the actual amount required to pay off the loans you selected for refinance. Immediate payments of principal and interest are due following the disbursement of loan proceeds. There are no deferral options for this loan.

Repayment Option	Amount Provided (amount provided directly to other lenders/servicers)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid (includes associated fees)
<b>1. 5 Year Fixed Rate Loan</b> Pay both the principal and interest amounts.	\$10,000.00	18.00%	5 years starting <u>after</u> loan disbursement	<b>\$15,236.20</b>
<b>2. 10 Year Fixed Rate Loan</b> Pay both the principal and interest amounts.	\$10,000.00	18.00%	10 years starting <u>after</u> loan disbursement	<b>\$21,621.10</b>
<b>3. 15 Year Fixed Rate Loan</b> Pay both the principal and interest amounts.	\$10,000.00	18.00%	15 years starting <u>after</u> loan disbursement	<b>\$28,989.29</b>

### About this example

This repayment example is based on **highest starting rate currently charged**. This example assumes that all payments are made on the date they are due. All examples are based on a \$10,000.00 loan. The minimum loan amount for this program is \$5,000.

# Federal Loan Alternatives

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There are currently no Federal Loan Alternatives that allow the consolidation of private education loans. Federal Consolidation Loans only allow for the consolidation of federal student loans and may not be used to consolidate private education loans. The interest rate for the federal Direct Consolidation Loan equals the weighted average interest rate of the loans being consolidated, rounded up to the nearest one-eighth of one percent.

Think carefully before using a consolidation loan to pay off your federal student loans. If you refinance your federal student loans through this program, you will lose federal student loan benefits such as income driven repayment or loan forgiveness options that may be available to federal student loan borrowers. In addition, federal student loans offer deferment and forbearance options that are not available to you if you take out a private consolidation loan.

You may qualify for a federal education loan. For additional information about a consolidation option for federal loans, contact the Department of Education at: [www.studentloans.gov](http://www.studentloans.gov).

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## Next Steps

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### 1. Find Out About Other Loan Options.

Visit the Department of Education's website at: [www.studentloans.gov](http://www.studentloans.gov) for more information about consolidation loan options that may be available only for federal student loans.

### 2. To Apply for this Loan, Complete the Application.

If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law).

## REFERENCE NOTES

### Fixed Interest Rate

- The interest rate will be set when the loan is conditionally approved and will not increase above that rate before the loan is paid in full. The interest rate is based upon your (or your cosigner's, if applicable) credit history and the repayment term you select.

### Eligibility Criteria

#### Borrower and Cosigner

- Must be a U.S. Citizen or Permanent resident alien. Must be at least the age of majority based on state of permanent residence at the time of application.
- Both borrower and cosigner must be members in good standing of Three Rivers Federal Credit Union.
- Both borrower and cosigner are subject to credit approval. Additional documentation may be required.
- Borrower or cosigner must meet any income and other underwriting requirements.

#### Borrower

- Must have graduated from an institute of higher education.
- Must meet certain employment requirements.

#### Cosigner

- A cosigner is not required, but may be required if borrower does not meet certain credit and income requirements.
- Rates may be lower with a cosigner.

### Prepayments

- If you pay all or part of the loan early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

### Loans Eligible for Refinancing and/or Consolidation

- Loans must be fully disbursed and cannot be in a delinquent status and must have an aggregate minimum balance among all loans of \$5,000 and a maximum balance of not more than \$100,000.
- Loans must have been used only for qualified higher education expenses (as defined in 26 USC § 221) and incurred by or for the benefit of the borrower at an accredited U.S. higher education institution.

### Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

### Voluntary Debt Protection

- At your option, you may purchase credit life, credit disability or involuntary unemployment protection in connection with the loan.
- This coverage is NOT available to any co-signers on your student loan. Debt Protection may be purchased for the Primary Borrower ONLY.

**More information about loan eligibility and repayment modification options is available in your loan application and Credit Agreement.**