



FINANCING YOUR LAW SCHOOL EDUCATION WITH PRIVATE EDUCATION LOANS

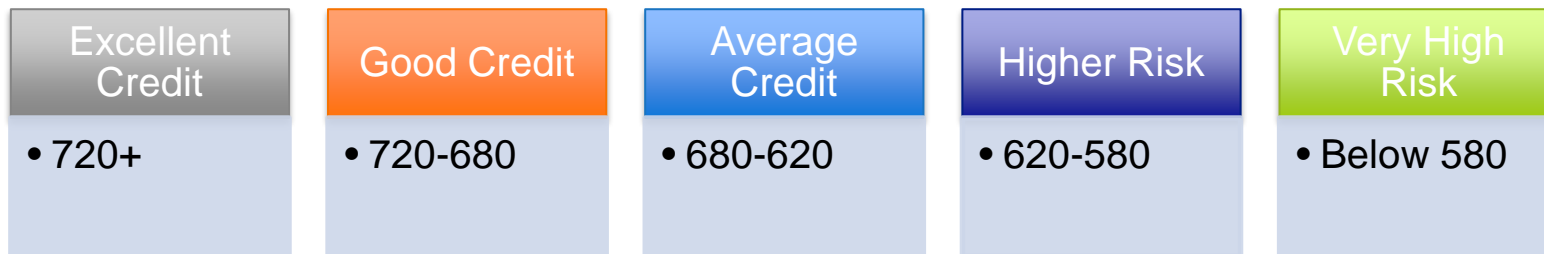
Sergio Gonzalez, Director, Business Development

What is a Private Education Loan

- ▶ Used by students to pay for educational expenses and are offered and underwritten by a bank or credit union
- ▶ Available based on a good credit rating or with a creditworthy cosigner
- ▶ May offer a choice of competitive variable or fixed interest rates and no or low origination fees
- ▶ Most are certified by the school before funds can be disbursed, which helps prevent over-borrowing

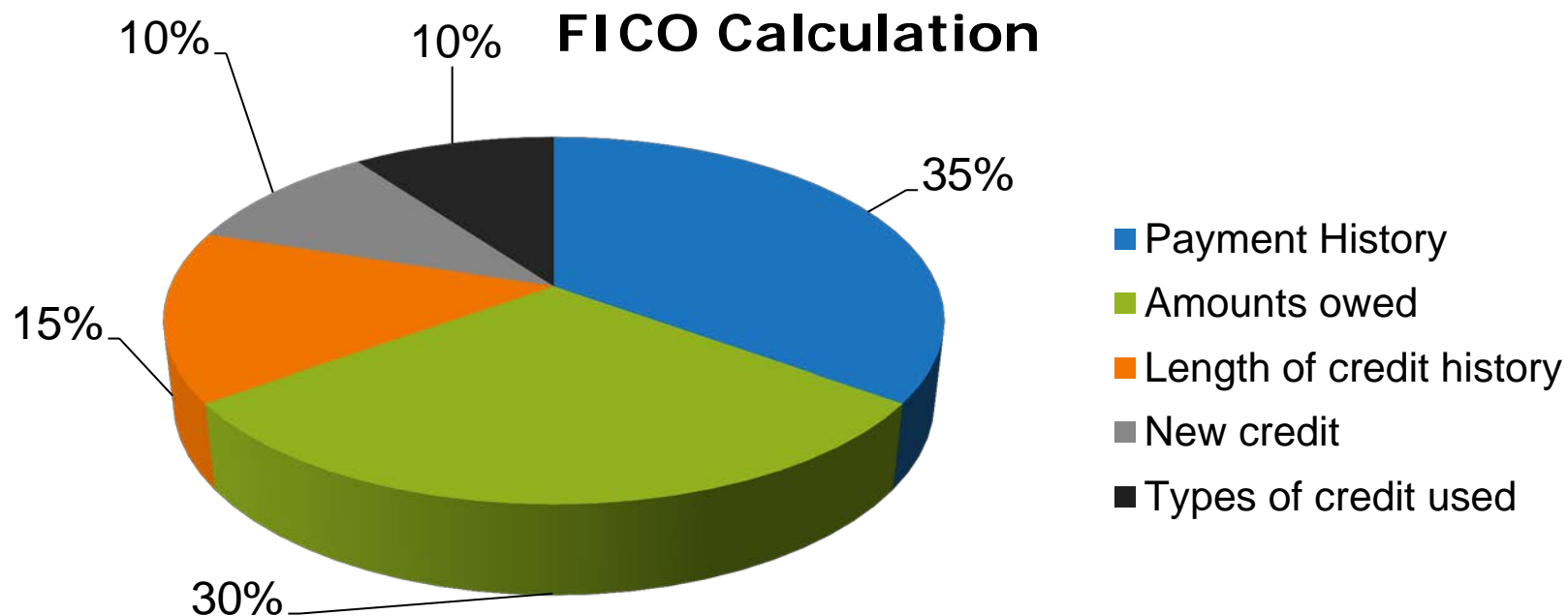
What is FICO?

- **Your FICO Score is a numerical expression based on a statistical analysis of a person's credit file developed by Fair Isaac Company.**
- **At lending institutions, the FICO score is used as a tool or a guide in making a credit decision.**
- **Your FICO Score can impact pricing for loans, insurance, and other financial services.**
- **The FICO score can range from a maximum of 850 to lowest of 300 with an average national score of 692.**



Source: www.creditreport.com Copyright (C) FICO. FICO, myFICO, the FICO logo, and the FICO product and service names are trademarks or registered trademarks of FICO.

How FICO is Calculated (Continued)



Source: www.myfico.com

Private Education Loans

- ▶ Graduate students who have built up a strong credit history may find that private education loans offer lower-priced alternatives with your choice of variable or fixed-rate interest rates and no or low origination fees.

Figuring Out How Much To Borrow

- ▶ Consider the full cost of your graduate or professional program so you don't have unplanned expenses at the last minute.
- ▶ Costs such as tuition, fees, books, housing, meals, or transportation should be factored into your total cost.
- ▶ As you plan, remember that you'll have other financial obligations after graduation, such as rent or a mortgage, utility bills, and transportation.
- ▶ Don't forget to include any deferred undergraduate student debt that you'll begin to repay when you finish your graduate or professional degree.

Figuring Out How Much To Borrow

- ▶ Consider your current financial situation, and estimate your future earnings potential as a result of the graduate or professional degree. For help, visit the U.S. Department of Labor site at **bls.gov/oco**.
- ▶ Consider these two popular benchmarks to determine how much to borrow:
 - **Monthly income percentage:** Monthly payments up to 10% of your pre-tax monthly income are likely to be easily manageable; payments between 11% and 19% may be manageable if you have low living expenses.
 - **Annual salary:** The total amount borrowed shouldn't be more than your expected annual salary after your degree.

Evaluating Private Education Loans

- ▶ When you're evaluating private education loans, consider the total loan cost. Interest rates, fees, and loan repayment plans are primary factors.
- ▶ **Interest Rates:** Some lenders offer loans with both variable & fixed interest rates
 - Fixed-Rate Loan:
 - Same interest rate for the life of the loan
 - Often higher rates than variable-rate loans
 - Set monthly payment amounts
 - Variable-Rate Loan:
 - Rates depend on economy, and can rise or fall depending on the prevailing interest rate index, such as “Libor” or “Prime” rate
 - Initial rate is often lower than fixed-rate loan
 - Monthly payment amounts change when the index changes

Evaluating Private Education Loans


- ▶ **Fees:** Some loans include additional fees to the total loan amount, usually called an “Origination” or “Disbursement” fee. Be sure to factor in this upfront cost.

- ▶ **In-School Repayment Options:** The way you choose to repay the loan will impact the total amount you will pay.
 - Generally there are no prepayment penalties for paying student loans early
 - some lenders encourage you to make small payments while in school to save money
 - Evaluate whether you can afford to begin repayment while in school or need to defer until after graduation
 - Even small payments while in school can help lower the cost of the loan

Evaluating Private Education Loans

Tip: Before you agree to the loan terms, do your homework on the repayment options available to you – both in-school and after graduation – so that you choose a loan that best suits your long-term financial and career goals.

NSLDS (Federal Loan Information)



The screenshot shows a web browser window displaying the NSLDS Student Access website. The browser's address bar shows the URL <https://www.nslsds.ed.gov/nslsds>. The website header includes the text "Federal Student Aid" and "PROUD SPONSOR of the AMERICAN MIND™". Below this, it says "National Student Loan Data System (NSLDS) for Students". A navigation menu contains links for "Financial Aid Review", "Exit Counseling", "Glossary of Terms", "Browser Info/Setup", "FAQs", and "Contact Us". The main content area features a banner with a student at a laptop and the heading "NSLDS STUDENT ACCESS National Student Loan Data System". Underneath, it says "Retrieve Your Loan Information" and provides a brief description of the system. Two buttons are visible: "Financial Aid Review" and "Exit Counseling". The footer of the website includes links for "FOIA", "Privacy", "Security", and "Notices", along with "WhiteHouse.gov", "USA.gov", and "ED.gov". The Windows taskbar at the bottom shows the system clock as 12:46 PM on 3/30/2015.

www.nslsds.ed.gov
Log in to see all federal loans you have received.

Evaluating Private Education Loans

| When payments are made | Results |
|---------------------------|--|
| While in school | <ul style="list-style-type: none"> • Choosing to pay interest while in school will allow you to graduate owing the same amount you borrowed. Even making small payments during school will help reduce your total cost. |
| After school | <ul style="list-style-type: none"> • Paying later offers flexibility while in school • Interest accumulates and increases your loan balance |
| Length of repayment | |
| Longer term of repayment | <ul style="list-style-type: none"> • Lower monthly payment • More interest paid overall |
| Shorter term of repayment | <ul style="list-style-type: none"> • Higher monthly payment • Total cost of loan (including interest) decreases |

Review Terms & Features

| Term/Feature | Choice | What it means |
|-------------------|---|---|
| Interest Rate | <ul style="list-style-type: none"> • Variable rate | <ul style="list-style-type: none"> • Payment amounts can vary over the life of the loan |
| | <ul style="list-style-type: none"> • Fixed rate | <ul style="list-style-type: none"> • Set payment amount over the life of the loan |
| Repayment Options | <ul style="list-style-type: none"> • Make payments while in school | <ul style="list-style-type: none"> • Lowers overall cost of the loan |
| | <ul style="list-style-type: none"> • Delay making payments until after graduation | <ul style="list-style-type: none"> • Flexibility; will increase the total loan cost |
| Typical Benefits | <ul style="list-style-type: none"> • Enrolling in automatic debit payments • Making payments on time | <ul style="list-style-type: none"> • Provides discounts to your loan, reducing the total |
| | <ul style="list-style-type: none"> • Death and disability loan forgiveness • Programs for customers in financial distress • Residency deferment option | <ul style="list-style-type: none"> • Look for these features on your loan to ensure maximum repayment flexibility as you start your career or experience difficult times |

Paying For Law School

SMART OPTION STUDENT LOAN
2015-16 Academic Year
www.salliemae.com/law

Repayment Options

- ▶ Interest Repayment Option: Pay More Save More
 - Student pays interest while in school
- ▶ Fixed Repayment Option: Pay A Little Now. Save A Lot Later.
 - Student pays just \$25 a month while in school
- ▶ Deferred Repayment Option: Get Maximum Flexibility
 - No minimum payments required until after school, or students can pay as much as they want while in school
 - No penalty for prepaying

Smart Option Student Loan for Law Students

- ▶ Continue to offer zero origination fees
- ▶ All graduate students will have a 5 – 15 year term

| | Rate Range | Fees | Term |
|------------------------|--|------|--------------|
| Variable Interest Rate | 2.25% to 7.50% (L + 2.00 to L + 7.25) | 0% | 5 - 15 Years |
| Fixed Interest Rate | 5.75% - 8.875% | 0% | 5 - 15 Years |

Repayment After Graduation

- ▶ **Graduated Repayment Plan**
 - Sallie Mae only private lender providing budget flexibility for graduating students
 - It allows students to ease into full repayment by making interest-only payments for the first year after their separation period

Benefits

- ▶ Rate Reduction for Using Automatic Debit
 - .25% Interest Rate Reduction for ACH

- ▶ Free Tuition Insurance
 - Covers up to \$5000 of tuition & other expenses lost due to a covered medical withdrawal

- ▶ Rewards for Paying on Time
 - 2% Smart Reward in Upromise when choosing interest or fixed repayment option

The Value of a Cosigner

- ▶ Creditworthy cosigners can:
 - Increase chance of approval & securing a lower interest rate

- ▶ Industry Leading Cosigner Release
 - After graduating & making 12 on-time payments

- ▶ Cosigners are not limited to parents
 - Parent/Guardian, Spouse, Relative, etc.

- ▶ Death & Disability Coverage
 - Loan will be forgiven & cosigner will be released from any obligation

Selecting Loan Options

- ▶ **Simple.**
Designed for ease-of-use.
- ▶ **Flexible.**
Either student or cosigner can initiate.
- ▶ **Fast.**
Only takes about 15 minutes to apply online and get a credit result.
- ▶ **Transparent.**
Details are shown after credit approval.

Application Status

You're credit approved!*

You're credit approved for \$10,000. The cost and payment information listed below are estimates. Select a repayment option below to continue.

* Final loan approval conditioned upon acceptance of terms and receipt and validation of your loan documentation.

Fixed Interest Rate [Click to close](#)

With a fixed rate loan, the interest rate stays the same for the life of the loan, but is higher than the starting rate on a variable rate loan.

| Repayment Option | Interest Rate | Disbursement Fee | In-School Payment | Post-School Payment | Post-School Repayment Term (months) | Total Cost |
|--|---------------|------------------|-------------------|---------------------|-------------------------------------|-----------------|
| <input type="radio"/> Interest Payment ? | 10.13% | 0% | \$84 | \$167 | 84 | \$18,161 |
| <input type="radio"/> Fixed Payment ? | 10.63% | 0% | \$25 | \$177 | 120 | \$22,550 |
| <input type="radio"/> Deferred Payment ? | 11.13% | 0% | \$0 | \$183 | 144 | \$26,440 |

Variable Interest Rate [Click to close](#)

With a variable rate loan, the interest rate may change as the index changes, but the starting rate is lower than a fixed rate loan.




| Repayment Option | Interest Rate | Disbursement Fee | In-School Payment | Post-School Payment | Post-School Repayment Term (months) | Total Cost |
|--|---------------|------------------|-------------------|---------------------|-------------------------------------|-----------------|
| <input type="radio"/> Interest Payment ? | 7.13% | 0% | \$59 | \$152 | 84 | \$15,658 |
| <input type="radio"/> Fixed Payment ? | 7.63% | 0% | \$25 | \$142 | 120 | \$18,247 |
| <input type="radio"/> Deferred Payment ? | 8.13% | 0% | \$0 | \$145 | 144 | \$20,915 |

Repayment Option Choice – Variable Rate

– Variable Interest Rate

[Click to close](#)

With a variable rate loan, the interest rate may change as the index changes, but the starting rate is lower than a fixed rate loan.

| Repayment Option | Interest Rate | Disbursement Fee | In-School Payment | Post-School Payment | Post-School Repayment Term (months) | Total Cost |
|--|---------------|------------------|-------------------|---------------------|-------------------------------------|-----------------|
| <input type="radio"/> Interest Payment  | 7.13% | 0% | \$59 | \$152 | 84 | \$15,658 |
| <input type="radio"/> Fixed Payment  | 7.63% | 0% | \$25 | \$142 | 120 | \$18,247 |
| <input type="radio"/> Deferred Payment  | 8.13% | 0% | \$0 | \$145 | 144 | \$20,915 |



Contact Information:

Sergio Gonzalez
Sallie Mae
Tel. 713-733-9990

Questions



The information contained in this presentation is not comprehensive, is subject to constant change, and therefore should serve only as general, background information for further investigation and study related to the subject matter and the specific factual circumstances being considered or evaluated. Nothing in this presentation constitutes or is designed to constitute legal advice.