

Arkansas Education Loan



The Arkansas Education Loan is for undergraduate and graduate students. Applicants who do not meet the underwriting and credit criteria on their own may apply with cosigners. The loan features:

- ▶ Fixed rates.
- ▶ Multiple repayment options.
- ▶ An interest rate reduction for using auto-debit during repayment.
- ▶ A cosigner release option.

Note: Aspire Servicing CenterSM has a contractual relationship with the Arkansas Student Loan Authority (ASLA), a Division of the Arkansas Development Finance Authority, wherein Aspire Servicing Center performs certain private student loan (private loan) services for the ASLA.

Repayment Options

There are three different in-school payment options for the Arkansas Education Loan so that you can choose the one that works with your financial situation. And each option has its own set of rates that are provided before you apply.

The **Immediate Payment** options require monthly payments of principal and interest while you're in school. The **Interest-Only Payment** options require monthly interest payments while you're in school and during the separation period. Both of these options prevent increases to the loan balance when regular on-time payments are made during the in-school period.

- ▶ The Immediate Payment options require that monthly payments of principal and interest begin immediately — while you are enrolled in school — after the loan is fully disbursed.¹ These options also feature our lowest interest rates.
- ▶ The Interest-Only Payment options require that monthly payments of interest begin immediately after the loan is first disbursed and feature a six-month separation period — once you graduate, leave school or drop below half-time enrollment and before the principal and interest repayment period begins — during which interest-only payments are required.² The Interest-Only Payment options feature lower interest rates than the Deferred Payment loans.

The **Deferred Payment** options postpone payments until after you graduate, leave school or drop below half-time enrollment and feature a six-month separation period during which no payments are required. You can make payments during the in-school or separation period with no penalty but are not required to do so with the Deferred Payment options.

In addition, you choose between 10-year and 15-year repayment terms. For more information, view the detailed interest rate and examples on the following pages.

Loan Amounts

The Arkansas Education Loan must be:

- ▶ No more than the cost of attendance minus other aid annually.
- ▶ At least \$1,001.
- ▶ No more than \$100,000 cumulative.

Interest

Interest capitalizes at:

- ▶ The end of any qualifying deferment period for all loan options.
- ▶ The start of repayment status for loans that do not require principal and interest or interest-only payments while the borrower is enrolled and during the separation period.
- ▶ The final disbursement of loans that require monthly principal and interest payments while the borrower is enrolled in school and that have more than one disbursement.

¹ Borrowers with delinquencies during the principal and interest repayment period may have future disbursements and/or loans suspended or canceled.

² Borrowers who fail to stay current with any required interest-only payments may be unable to apply for and subsequently receive future loans.

Rates for borrowers or cosigners with FICO¹ scores of 800 or more

In-School Payment Choice	Immediate Payment	Interest-Only Payment	Deferred Payment
Origination Fee	0%	0%	0%
Fixed Interest Rate	5.50%	5.70%	5.80%
Payments Required While Enrolled & During the Separation Period?	Yes, principal and interest payments²	Yes, interest-only payments³	No
Separation Period	N/A ⁴	6 months ⁴	6 months

Examples for a \$10,000 Loan (10-Year Repayment Term)			
Principal & Interest Repayment Period⁵	10 years	10 years	10 years
Annual Percentage Rate (APR)	5.50%⁶	5.70%⁷	5.51%⁸
Finance Charge	\$3,021 ⁶	\$5,565 ⁷	\$6,459 ⁸
Interest-Only Monthly Payment	N/A	\$48 ⁷	N/A
Principal & Interest Monthly Payment	\$109 ⁶	\$110 ⁷	\$137 ⁸
Examples for a \$10,000 Loan (15-Year Repayment Term)			
Principal & Interest Repayment Period⁵	15 years	15 years	15 years
Annual Percentage Rate (APR)	5.50%⁹	5.70%¹⁰	5.56%¹¹
Finance Charge	\$4,706 ⁹	\$7,321 ¹⁰	\$8,695 ¹¹
Interest-Only Monthly Payment	N/A	\$48 ¹⁰	N/A
Principal & Interest Monthly Payment	\$82 ⁹	\$83 ¹⁰	\$104 ¹¹

¹ The FICO score used is the TransUnion FICO Score 4, which is based on data from TransUnion and may be different from other credit scores. FICO is a registered trademark of the Fair Isaac Corporation.

² Borrowers with delinquencies during the immediate principal and interest period may have future disbursements and/or loans suspended or canceled.

³ Borrowers who fail to stay current with any required interest-only payments may be unable to apply for and subsequently receive future loans.

⁴ The in-school and separation periods cannot exceed 60 months. Payments required during this period.

⁵ If a pre-disbursement loan cancellation results in an Arkansas Education Loan of \$1,000 or less, the maximum principal and interest repayment term is 37 months.

⁶ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, and a fixed interest rate of 5.50% during the 120-month principal and interest repayment period.

⁷ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring principal for 51 months, and a fixed interest rate of 5.70% during the 51-month interest-only and the 120-month principal and interest repayment periods.

⁸ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 5.80% during the 51-month in-school and separation period and the 120-month principal and interest repayment period.

⁹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, and a fixed interest rate of 5.50% during the 180-month principal and interest repayment period.

¹⁰ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring principal for 51 months, and a fixed interest rate of 5.70% during the 51-month interest-only and the 180-month principal and interest repayment periods.

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Rates for borrowers or cosigners with FICO¹ scores of 760–799

In-School Payment Choice	Immediate Payment	Interest-Only Payment	Deferred Payment
Origination Fee	0%	0%	0%
Fixed Interest Rate	6.00%	6.10%	6.30%
Payments Required While Enrolled & During the Separation Period?	Yes, principal and interest payments²	Yes, interest-only payments³	No
Separation Period	N/A ⁴	6 months ⁴	6 months

Examples for a \$10,000 Loan (10-Year Repayment Term)			
Principal & Interest Repayment Period⁵	10 years	10 years	10 years
Annual Percentage Rate (APR)	6.00%⁶	6.10%⁷	5.96%⁸
Finance Charge	\$3,321 ⁶	\$5,975 ⁷	\$7,122 ⁸
Interest-Only Monthly Payment	N/A	\$51 ⁷	N/A
Principal & Interest Monthly Payment	\$111 ⁶	\$112 ⁷	\$143 ⁸
Examples for a \$10,000 Loan (15-Year Repayment Term)			
Principal & Interest Repayment Period⁵	15 years	15 years	15 years
Annual Percentage Rate (APR)	6.00%⁹	6.10%¹⁰	6.02%¹¹
Finance Charge	\$5,187 ⁹	\$7,879 ¹⁰	\$9,630 ¹¹
Interest-Only Monthly Payment	N/A	\$51 ¹⁰	N/A
Principal & Interest Monthly Payment	\$84 ⁹	\$85 ¹⁰	\$109 ¹¹

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- ² Borrowers with delinquencies during the immediate principal and interest period may have future disbursements and/or loans suspended or canceled.
- ³ Borrowers who fail to stay current with any required interest-only payments may be unable to apply for and subsequently receive future loans.
- ⁴ The in-school and separation periods cannot exceed 60 months. Payments required during this period.
- ⁵ If a pre-disbursement loan cancellation results in an Arkansas Education Loan of \$1,000 or less, the maximum principal and interest repayment term is 37 months.
- ⁶ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, and a fixed interest rate of 6.00% during the 120-month principal and interest repayment period.
- ⁷ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring principal for 51 months, and a fixed interest rate of 6.10% during the 51-month interest-only and the 120-month principal and interest repayment periods.
- ⁸ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 6.30% during the 51-month in-school and separation period and the 120-month principal and interest repayment period.
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- ¹¹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 6.30% during the 51-month in-school and separation period and the 180-month principal and interest repayment period.

Rates for borrowers or cosigners with FICO¹ scores of 720–759

In-School Payment Choice	Immediate Payment	Interest-Only Payment	Deferred Payment
Origination Fee	0%	0%	0%
Fixed Interest Rate	6.20%	6.30%	6.52%
Payments Required While Enrolled & During the Separation Period?	Yes, principal and interest payments²	Yes, interest-only payments³	No
Separation Period	N/A ⁴	6 months ⁴	6 months

Examples for a \$10,000 Loan (10-Year Repayment Term)			
Principal & Interest Repayment Period⁵	10 years	10 years	10 years
Annual Percentage Rate (APR)	6.20%⁶	6.30%⁷	6.16%⁸
Finance Charge	\$3,441 ⁶	\$6,181 ⁷	\$7,419 ⁸
Interest-Only Monthly Payment	N/A	\$53 ⁷	N/A
Principal & Interest Monthly Payment	\$112 ⁶	\$113 ⁷	\$145 ⁸
Examples for a \$10,000 Loan (15-Year Repayment Term)			
Principal & Interest Repayment Period⁵	15 years	15 years	15 years
Annual Percentage Rate (APR)	6.20%⁹	6.30%¹⁰	6.22%¹¹
Finance Charge	\$5,382 ⁹	\$8,160 ¹⁰	\$10,053 ¹¹
Interest-Only Monthly Payment	N/A	\$53 ¹⁰	N/A
Principal & Interest Monthly Payment	\$85 ⁹	\$86 ¹⁰	\$111 ¹¹

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⁹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, and a fixed interest rate of 6.20% during the 180-month principal and interest repayment period.

¹⁰ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring principal for 51 months, and a fixed interest rate of 6.30% during the 51-month interest-only and the 180-month principal and interest repayment periods.

¹¹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 6.52% during the 51-month in-school and separation period and the 180-month principal and interest repayment period.

Rates for borrowers or cosigners with FICO¹ scores of 670–719

In-School Payment Choice	Immediate Payment	Interest-Only Payment	Deferred Payment
Origination Fee	0%	0%	0%
Fixed Interest Rate	6.30%	6.42%	7.22%
Payments Required While Enrolled & During the Separation Period?	Yes, principal and interest payments²	Yes, interest-only payments³	No
Separation Period	N/A ⁴	6 months ⁴	6 months
Examples for a \$10,000 Loan (10-Year Repayment Term)			
Principal & Interest Repayment Period⁵	10 years	10 years	10 years
Annual Percentage Rate (APR)	6.30%⁶	6.42%⁷	6.78%⁸
Finance Charge	\$3,502 ⁶	\$6,305 ⁷	\$8,390 ⁸
Interest-Only Monthly Payment	N/A	\$54 ⁷	N/A
Principal & Interest Monthly Payment	\$113 ⁶	\$113 ⁷	\$153 ⁸
Examples for a \$10,000 Loan (15-Year Repayment Term)			
Principal & Interest Repayment Period⁵	15 years	15 years	15 years
Annual Percentage Rate (APR)	6.30%⁹	6.42%¹⁰	6.86%¹¹
Finance Charge	\$5,480 ⁹	\$8,329 ¹⁰	\$11,437 ¹¹
Interest-Only Monthly Payment	N/A	\$54 ¹⁰	N/A
Principal & Interest Monthly Payment	\$86 ⁹	\$87 ¹⁰	\$119 ¹¹

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⁸ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 7.22% during the 51-month in-school and separation period and the 120-month principal and interest repayment period.

⁹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, and a fixed interest rate of 6.30% during the 180-month principal and interest repayment period.

¹⁰ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring principal for 51 months, and a fixed interest rate of 6.42% during the 51-month interest-only and the 180-month principal and interest repayment periods.

¹¹ Annual percentage rate, finance charge and monthly payments are based on borrowing \$10,000, a 0% origination fee, deferring interest and principal for 51 months, and a fixed interest rate of 7.22% during the 51-month in-school and separation period and the 180-month principal and interest repayment period.

Repayment Benefits

Interest-Rate Reduction

Earn a 0.25% interest rate reduction on your Arkansas Education Loan by making auto-debit payments when you begin principal and interest repayment.

The 0.25% interest rate reduction will apply once Aspire Servicing Center begins to automatically deduct payments and will remain in effect as long as automatic payments continue without interruption during the repayment period. The 0.25% interest rate reduction will not lower the monthly payment amount but will instead reduce the interest amount that accrues. The interest rate reduction will be suspended during approved assistance or if automatic payments are rejected due to insufficient funds.

Cosigner Release

Arkansas Education Loan borrowers can release their cosigners from payment obligations:

- ▶ After 48 consecutive monthly principal and interest payments are received on time.
- ▶ If the borrower meets the underwriting and credit criteria at the time the cosigner release is requested.

Armed Forces Interest Reduction

ASLA recognizes and appreciates the sacrifices made by members of the military and their families. To assist service members with their student loan, we offer an Armed Forces interest reduction program. Through the program, service members can get interest reduced to 0.00% on their private student loans.

You may be eligible for the program if you meet all the following requirements:

- ▶ While on federal active duty, you have a non-defaulted private student loan owned by ASLA during the period of eligibility.
- ▶ You are deployed between Sept. 11, 2001, and June 30, 2019.

Note: ASLA is required to issue a 1099-C form to the IRS and the borrower reporting a reduction of indebtedness of \$600 or more. You should consult your tax adviser regarding any tax consequences resulting from an interest reduction.

Eligibility Criteria

To be eligible for an Arkansas Education Loan, you must:

- ▶ Be of majority age (e.g., at least 18 years old in Arkansas) pursuant to applicable law at the time of application or be an emancipated minor. An applicant not of majority age may apply with an eligible cosigner.
- ▶ Not have defaulted on any private or government student loan.
- ▶ Be attending any eligible nonprofit, Title IV eligible, degree-granting, accredited college or university.
- ▶ Be accepted, enrolled or attending on at least a half-time basis, as defined by the school, and be making satisfactory academic progress in an eligible education program.
- ▶ Be a citizen or permanent resident of the United States. Cosigners must be citizens or permanent residents of the United States and must reside in the United States. Military addresses are considered U.S. addresses if designated as an APO or FPO.

Underwriting Criteria

To qualify for the Arkansas Education Loan, you or your cosigners must have:

- ▶ Monthly payments for approved credit (mortgages, rent, car loans, credit cards and other forms of credit, including the loan for which the student has submitted an application) that do not exceed 40% of gross monthly income (if a mortgage or rent is not included, debt-to-income ratio cannot exceed 25%). All student loan debt will be treated as though it is in repayment.
- ▶ A FICO score of at least 670. (The FICO score used is the TransUnion FICO Score 4, which is based on data from TransUnion and may be different from other credit scores. FICO is a registered trademark of the Fair Isaac Corporation.)
- ▶ Continuous employment over the last two years. (This requirement may be waived for retirees, disabled persons or those receiving a verified income.)
- ▶ No more than two accounts reporting 30-day delinquencies and no delinquencies of 60 days or more during the previous two years.
- ▶ No charge-offs, repossessions, collection accounts, judgments, foreclosures, garnishments by credit providers or tax liens.
- ▶ No previous bankruptcies.
- ▶ Not defaulted on any private or government student loan.

Note: For joint cosigned loans, at least one cosigner must meet all credit underwriting criteria with the exception of the debt-to-income ratio.

Please note that the list of criteria above may not be exhaustive. ASLA may require you or your cosigners to meet additional criteria in order to qualify for a loan. ASLA reserves the right to change the list of criteria in any way from time to time without notice.