

North Carolina Advantage refers to the collective program of benefits we offer to our borrowers for choosing College Foundation, Inc. as their education loan lender. Those benefits are as follows:

Benefit 1: Interest rate reduction of .25% for election of payment by automatic withdrawal. This benefit applies to most Stafford Loans first disbursed between 07/01/96 and 06/30/97; for all Stafford Loans first disbursed between 07/01/97 and 06/30/06; for all PLUS loans first disbursed between 07/01/00 and 06/30/06; for Consolidation and EXTRA Loans first disbursed on or after 07/01/01 (see **Benefit 6** below for an explanation of the benefits that are available for Stafford and PLUS loans first disbursed on or after 07/01/06); and for NC Assist Loans first disbursed on/after 02/01/18.

Benefit 2: Waiver of the 1% guaranty fee for Stafford loans first disbursed on or after 08/05/96; for PLUS loans first disbursed on or after 07/01/97; and for GRAD loans disbursed on or after 07/01/06.

Benefit 3: 3% Offset of the Origination Fee for Stafford and PLUS loans first disbursed on or after 07/01/98. This is a one-time credit of 3 percent of the loan principal borrowed (or 6% for certain PLUS loans as noted in (c) below).

- For unsubsidized Stafford Loans and for PLUS loans first disbursed during the months of July through March, the credit is applied on July 1st of the immediately-following fiscal year. If the first disbursement was during the months of April, May or June, the credit is applied on October 1st of the immediately-following fiscal year.
- For subsidized Stafford Loans, the credit is calculated on the last day of the month during which loan converted to repayment and is applied as of the first day of the immediately-following month.
- PLUS Loans first disbursed between 07/01/01 and 06/30/06 will receive an additional 3% offset for a total of 6%. For PLUS loans first disbursed on or after 07/01/06 the offset is 3%.
- Stafford Loans first disbursed on or after 07/01/02 will receive a waiver of the origination fee. This will replace the 3% offset of the origination fee.

Benefit 4: Interest rate reduction of up to 2% or forgiveness of final six payments for making on-time payments.

- For most Stafford Loans first disbursed between 07/01/96 and 06/30/97; for all Stafford Loans first disbursed between 07/01/97 and 06/30/06; for all PLUS loans first disbursed between 07/01/00 and 06/30/06; for *Consolidation Loans first disbursed between 07/01/01 and 03/30/08; and for *EXTRA loans first disbursed between 07/01/01 and 06/30/09. At the beginning of the repayment period, the borrower must select his or her preferred option. Borrowers choosing the rate reduction benefit are given that benefit after 48 months of on-time payments. **There is a 12-month window at the beginning of the repayment period during which to establish the on-time payment pattern. Those choosing the final six payment forgiveness option will have their final six payments forgiven after making 48 on-time payments of at least the scheduled payment amount (the benefit will be applied when the unpaid principal balance of the eligible loan(s) reaches the level of six full scheduled monthly payments). There is no 12-month window for borrowers choosing the payment forgiveness option. Before the first scheduled monthly payment is due, the borrower must enter into a special contract (1) promising to make his/her first 48 scheduled payments on time, and (2) stating his/her preference for the forgiveness of the final six scheduled monthly payments.
- For Stafford Loans first disbursed between 07/01/98 and 06/30/06; for PLUS loans first disbursed between 07/01/00 and 06/30/06; and for Consolidation Loans disbursed on or after 07/01/01, the rate reduction benefit is progressive. **For most Stafford, PLUS and Consolidation Loans, borrowers are given a 12-month window at the beginning of the repayment period during which to establish the on-time payment pattern. If after the 24th month of repayment, a borrower has made 12 consecutive on-time payments, he will receive an interest rate reduction of .5% on all eligible loan(s). If the on-time payments continue, another .5% rate reduction will be applied after the 36th month of on-time payments, and a final 1% reduction will be applied following the 48th month of on-time payments, for an overall interest rate reduction benefit of 2%. There is no change in how the six-payment forgiveness option is applied for these loans, as previously noted.

*The final six payment forgiveness option does not apply to Consolidation and EXTRA Loans. Consolidation and EXTRA Loan borrowers may choose only the interest rate reduction benefit. In addition, EXTRA loans are not eligible for the full 2% interest rate reduction benefit; they are only eligible for a .5% interest rate reduction benefit which is applied after the 48th month of on-time payments.

**The 12-month window is based on the funding source for the loan(s) in question; there are a few loans which do not have this option.

Benefit 5: 7.75% Cap on Interest Rate For all Stafford Loans first disbursed between 07/01/98 and 06/30/06, there is an interest rate cap of 7.75%, which is in place of the statutory/federal cap of 8.25%.

Benefit 6: Applicable to Stafford, PLUS and GRAD loans first disbursed on or after 07/01/06.

- For Stafford loans, an immediate 1% interest rate reduction will be added up-front on the day the loan enters repayment (six months after the last date of enrollment). The 1% rate reduction is offered in good faith by CFI in expectation that the borrower will establish and maintain a consistent pattern of on-time payments. Since the benefit is frontloaded, it can only be lost if the borrower fails to maintain a pattern of on-time payments. There is a 12-month window at the beginning of the repayment period during which to establish the on-time payment pattern. If the borrower makes a late payment at any point after the first 12 months of repayment, he or she will be obliged to forfeit the 1% interest rate reduction benefit.
- In addition to the 1% upfront interest rate reduction benefit, a borrower can earn an additional 1.5% interest rate reduction on his or her Stafford loan(s) by choosing to make his or her payments via automatic withdrawal, and by electing to receive monthly statements via email instead of by regular mail. To be eligible for this benefit, the borrower must choose both the bank draft and on-line statement option together. If we receive 3 returned drafts for insufficient funds over the life of the loan, the borrower will be disqualified for the 1.5% bank draft / e-statement interest rate reduction benefit.
- Although the percentages are somewhat smaller, the benefits outlined in sections (a) and (b) for Stafford loans apply in exactly the same way to PLUS and GRAD loans first disbursed on or after 07/01/06. The up-front rate reduction benefit for PLUS/GRAD loans is .75%, as opposed to the 1% reduction for Stafford loans; and the bank draft/online statement benefit for PLUS/GRAD loans is set at 1.25% compared to the 1.5% for Stafford loans.

Benefit 7: Bank Draft / E-Statement Interest rate reduction of .30% or .40% for Consolidation Loans disbursed between 04/01/08 and 06/30/09.

For Consolidation Loans of less than \$60,000.00 borrowers will earn an interest rate reduction of .30% for choosing to make their payments via bank draft and for electing to receive their statements via electronic mail rather than by regular mail. For Consolidation loans of \$60,000.00 or more the bank draft / e-statement interest rate reduction benefit will be .40%.