

BORROWER:

Christopher Smith Jr.
1492 Columbus Way
Plymouth, MA 02360

CREDITOR:

First ABC Bank
12345 1st St
Anytown, CA 93120
(800) 555 - 5555

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on August 4, 2009. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at 800-555-5555.

Loan Rates & Estimated Total Costs**Total Loan Amount****\$10,600.00**

The total amount you are borrowing.

Interest Rate**7.375%**

Your current interest rate.

Finance Charge**\$18,541.24**

The estimated dollar amount the credit will cost you.

Total of Payments**\$ 28,541.24**

The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$0.00
Amount paid to others on your Behalf: • ABC State University	+ \$10,000
Amount Financed (total amount provided)	= \$10,000
Initial finance charges (total) • Origination Fee (\$300) • Loan Guarantee Fee (\$300)	+ \$600
Total Loan Amount	= \$10,600

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• **There is no limit on the amount the interest rate can increase.**

• Your **Annual Percentage Rate (APR)** is **8.23%**. The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

20 YEAR LOAN TERM	MONTHLY PAYMENTS	
	at 7.375% the current interest rate of your loan	No Maximum Rate example at 25%
Sept. 1, 2009 - Oct. 31, 2013 deferment period	No payment required (\$3,799.67 in interest will accrue during this time)	No payment required (Interest will accrue during this time)
Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments	\$118.93	\$645.41 (your payments will be higher if the rate increases above 25%)
Oct. 1, 2033 1 monthly payment	\$116.97	\$674.63 (your payments will be higher if the rate increases above 25%)

◀ Though your loan does not have a maximum interest rate, **an example rate of 25%** has been used for comparative purposes.

The estimated **Total of Payments** if your rate rises to 25% would be **\$154,928**. Your Total of Payments will be higher if rate increases above 25%.

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

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

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

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

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.