PRIVATE STUDENT LOAN GUIDE

For Students & Co-Makers

Helping eligible Arkansas residents finance approved career and technical education

Important: An AREF student loan is a private student loan that must be repaid. It is not a grant, scholarship, or forgivable loan.

Arkansas Rural Endowment Fund, Inc. (AREF) works with approved schools to help eligible Arkansas students finance career and technical education. This guide explains the application, funding, repayment, payment options, and ongoing responsibilities of both the student borrower and co-maker.

Program at a Glance

Topic	Current Program Information
Student eligibility	U.S. citizen and Arkansas resident for at least six months before applying.
Co-maker	Required for each student loan.
Applications	Student and co-maker complete separate online applications.
School/Program	Must be approved by AREF.
Amount financed	Up to 100% of approved tuition and related education costs, subject to AREF approval and program limitations.
Interest while enrolled	Current fixed rate of 4.50%.
Grace period	Generally six months after graduation or other departure from the program; current fixed rate remains 4.50% during this period.
Interest during repayment	Current fixed rate of 6.00%.
Repayment term	Maximum of 120 months; minimum scheduled payment is $50.
Loan proceeds	Paid directly to the approved school by ACH for the student's benefit.
Account access	Borrower Portal access is provided; monthly paper statements are not routinely mailed.

1. Before You Apply

Before completing an application, make sure you know:

- The school and specific program you plan to attend.
- The expected program start and completion dates.
- The total tuition, fees, and required education-related costs.
- Whether books, tools, kits, equipment, uniforms, or supplies are required.
- Whether you expect scholarships, grants, discounts, employer assistance, or other financial assistance.
- Who will serve as your co-maker.

Remember: School approval does not mean that every student who attends that school will qualify for financing. Each student and co-maker is reviewed individually.

2. Student and Co-Maker Eligibility

- The student and co-maker borrower must both be a U.S. citizen.
- The student borrower must have been an Arkansas resident for at least six months before applying.
- A co-maker is required for each student loan.
- The student and co-maker must submit separate online applications.

- Both applicants must provide complete and accurate information and meet AREF's credit and underwriting requirements.
- AREF makes each credit decision individually.

3. Understanding the Co-Maker

A co-maker is more than a reference or emergency contact. The co-maker is legally responsible for repayment of the loan if the student borrower does not make the required payments. The student and co-maker should both understand the loan terms before signing the promissory note or other loan documents.

4. What the Loan May Pay For

AREF may finance up to 100% of approved tuition and related educational costs, subject to program limitations and final loan approval. Potentially eligible costs may include:

- Tuition
- Required school fees
- Required books and supplies
- Required tools, kits, and equipment
- School provided housing expenses

Important: The amount requested by the student or school is not automatically the amount AREF will approve. AREF determines the final approved amount after reviewing the application, program, documented costs, and other relevant information.

5. Application and Funding Workflow

1. Choose an approved school and program
Confirm that the school and program are eligible for AREF financing.

2. Student and co-maker apply
The student and co-maker each complete a separate online application. Incomplete or inconsistent information can delay review.

3. AREF reviews the applications
Applications are generally handled in the order received. Processing time varies with volume, completeness, and underwriting needs.

4. School confirms enrollment and costs
Before loan documents are finalized, AREF confirms the approved program, tuition and fees, required education-related costs, anticipated start and end dates, and any scholarships, grants, discounts, or other financial assistance.

5. AREF prepares loan documents
After approval and school verification, AREF prepares the required loan documents. The student and co-maker complete and return them according to AREF instructions.

6. AREF funds the approved amount
After all required documents are complete and reviewed, AREF schedules ACH payment directly to the approved school for the student's benefit. Loan proceeds are not disbursed directly to the student.

6. While You Are in School

While you remain enrolled, interest currently accrues at a fixed rate of 4.50%. Scheduled payments generally are not required while you are enrolled in the approved program, but interest continues to accrue.

Notify AREF promptly if you:

- Do not begin the program as expected.
- Change programs.
- Reduce hours or participation.
- Take a leave of absence.
- Withdraw or are dismissed.
- Graduate or complete the program early.
- Otherwise leave the program.

Your school is also required to notify AREF of enrollment changes.

7. After Graduation or Leaving School

The loan generally includes a six-month grace period after graduation or other departure from the program. During the grace period, payments generally have not yet begun and interest continues to accrue at the current fixed rate of 4.50%.

At the end of the grace period, unpaid accrued interest is generally capitalized. Capitalization means the unpaid interest is added to the principal balance, so the balance entering repayment may be higher than the original amount borrowed.

8. Repayment Overview

When repayment begins, the current fixed repayment interest rate is 6.00%. The maximum repayment period is generally 120 months (10 years), and the minimum scheduled monthly payment is $50.

There is no pre-payment penalty for paying additional principal or paying the loan in full before the scheduled maturity date.

Late Fees: If a scheduled payment is not received within 15 days after its due date, a late fee equal to 5% of the payment due will be assessed.

Your actual payment depends on factors including:

- Original loan amount.
- Accrued and capitalized interest.
- Repayment interest rate.
- Repayment term.

9. Your AREF Student Loan "Start Letter"

Soon after your student loan is funded, AREF provides the student borrower with a student loan "start letter." Keep this letter with your promissory note and other loan records.

The start letter generally provides:

- A repayment overview and information about how and when repayment will begin.
- Instructions for making loan payments online.
- Instructions for registering for and accessing the AREF Borrower Portal.
- Information for monitoring your loan account.
- The mailing address to use when making payments by check.
- Other payment and servicing information applicable to your loan.

Smart borrower tip: Register for the Borrower Portal after receiving your start letter rather than waiting until your first payment is due. This gives you time to resolve any login or account-access problems before repayment begins.

If you lose your start letter, contact AREF for current payment, portal registration, or check-payment instructions. Do not delay a required payment because the letter has been misplaced.

10. Setting Up Automatic ACH Drafts

Borrowers may arrange for recurring loan payments to be automatically drafted from a checking or savings account through the Automated Clearing House (ACH) system. Automatic drafts can make repayment easier, but the borrower remains responsible for making each required payment.

Requirements to Establish a Recurring ACH Draft

AREF requires all of the following before recurring ACH drafts can be established:

- A completed AREF ACH authorization form.
- The ACH authorization form must be signed by the owner of the bank account from which payments will be drafted.
- A voided check for the designated checking account; or a screenshot or other documentation provided by the financial institution showing the bank routing number and account number for the account to be used.
- Any additional account information requested on the authorization form, including the financial institution name, account-owner name, checking or savings designation, routing number, account number, and recurring payment information.

Verification requirement: AREF requires supporting bank documentation so the routing and account numbers can be verified before recurring drafts are established. A handwritten routing or account number by itself may not be sufficient.

Before Each Draft

Make sure sufficient funds are available in the designated account before the scheduled draft date. If a draft is rejected because of insufficient funds, a closed account, incorrect banking information, or another reason, the payment may remain unpaid.

If Your Bank Account Changes

Notify AREF promptly if you change banks, close the drafted account, change account numbers, want to use another account, or need to change or discontinue an existing ACH authorization.

A banking change may require a new completed and signed ACH authorization form and new verification documentation.

Important: Stopping or changing an ACH authorization does not eliminate or postpone the underlying loan payment. Unless AREF has approved another arrangement, the required payment must still be made by an acceptable payment method.

11. Borrower Portal

Borrowers receive information for registering for the AREF Borrower Portal. The portal provides convenient access to loan account information. AREF does not routinely mail monthly paper statements, so borrowers should establish portal access and remain aware of payment obligations.

12. Keep Your Contact Information Current

It is the responsibility of both the student borrower and co-maker to keep AREF informed of changes to their contact information throughout the life of the loan.

Each party should promptly provide updated information whenever there is a change to:

- Mailing address.
- Physical address, if different.
- Email address.
- Primary telephone number.
- Alternate or secondary telephone number, when available.

The student borrower and co-maker are each responsible for keeping their own information current. Updating information with the school, bank, employer, or another organization does not automatically update AREF's records.

Important: The student borrower and co-maker remain responsible for the loan and its payment obligations even if AREF is unable to reach them because contact information was not kept current.

13. Scholarships, Grants, Refunds, and Credits

Tell your school and AREF if you receive financial assistance after your loan amount has been determined. This may include:

- Scholarships.
- Grants.
- Employer assistance.
- Tuition discounts.
- School credits.
- Refunds.
- Other payments toward educational costs.

Amounts that reduce what you owe the school may require an adjustment or refund to AREF. Refunds related to AREF-financed costs are generally sent directly to AREF rather than to the student.

14. If You Withdraw or Do Not Finish the Program

Contact AREF as soon as possible. Leaving school does not eliminate your obligation to repay the loan. Your school may owe a refund under its refund policy, but that refund may not be enough to pay the loan in full.

You remain responsible for any outstanding balance after applicable refunds and credits are applied, and leaving the program may cause the period leading to repayment to begin sooner than originally expected.

15. Smart Borrower Tips

Apply after you know your actual program costs. Accurate tuition and fee information can reduce delays and prevent later loan revisions.
Have your co-maker apply promptly. AREF cannot complete the full review while waiting on the co-maker application.
Use consistent information. Legal names, addresses, program names, and dates should match across applications and school records.
Respond quickly to requests. Outstanding information or documents are a common source of avoidable delays.

Read the loan documents before signing. Pay attention to the amount financed, interest rate, grace period, capitalization, payment amount, term, and co-maker responsibility.
Borrow only what you need. Every dollar borrowed must eventually be repaid with interest.
Payments before repayment begins. Any payments AREF receives before scheduled repayment begins will be applied toward principal unless you instruct AREF otherwise. If you want a voluntary payment applied to accrued interest instead, provide that instruction to AREF. Voluntary interest payments may reduce the amount of interest eventually capitalized.
Register for the Borrower Portal early. Do not depend on receiving a paper bill before making a payment.
Monitor automatic drafts. Keep sufficient funds available and verify that ACH payments actually post to your loan account.
Keep AREF informed. Update contact information and report school or program changes promptly.

16. Frequently Asked Questions

Is this a federal student loan?
No. An AREF student loan is a private student loan provided by Arkansas Rural Endowment Fund, Inc.

Is the loan forgivable?
No. AREF student loans must be repaid.

Can I use the loan at any school?
No. The school and program must be approved by AREF.

If my school is approved, am I automatically approved?
No. School approval and individual loan approval are separate. The student and co-maker must still satisfy AREF's underwriting requirements.

Do I need a co-maker?
Yes. A co-maker is currently required for each AREF student loan.

Do the student and co-maker complete one application together?
No. The student and co-maker complete separate applications.

How much can I borrow?
AREF may finance up to 100% of approved tuition and related educational costs, subject to program limitations and individual loan approval.

Can the loan money be deposited into my personal bank account?
No. Approved loan proceeds are paid directly to the approved school by ACH for your benefit.

What is the current interest rate?
The current program provides 4.50% fixed while enrolled and during the six-month grace period, followed by 6.00% fixed during repayment. Program terms are subject to change, so confirm current terms with AREF.

Does interest accrue while I am in school?
Yes. Interest accrues even though scheduled payments generally have not begun.

What does capitalized interest mean?
Unpaid interest that accrued before repayment begins is added to the principal balance. Future interest is then calculated using the resulting principal balance.

Can I make payments while I am still in school?
Contact AREF for current payment procedures. Voluntary payments toward accrued interest or principal before scheduled repayment begins may reduce the eventual repayment cost.

When does repayment begin?
Generally six months after graduation or otherwise leaving the approved program.

How long do I have to repay the loan?
The maximum repayment term is generally 120 months, or 10 years.

What is the minimum monthly payment?
The current minimum scheduled payment is $50. Your actual payment may be higher.

When is a late fee charged?
A late fee is assessed when a scheduled payment is more than 15 days past due. The late fee is 5% of the payment due.

What is the AREF student loan start letter?
It is provided soon after funding and contains a repayment overview, online payment instructions, Borrower Portal registration information, and the mailing address for check payments. Keep it with your loan records.

Will AREF mail me a monthly statement?
Monthly paper statements are not routinely provided. Borrowers should establish access to the Borrower Portal and remain aware of their payment obligations.

How do I set up recurring automatic payments?

Complete and sign the AREF ACH authorization form. The form must be signed by the owner of the bank account being drafted. AREF also requires a voided check or financial-institution-provided screenshot or documentation showing the routing and account numbers for verification.

What happens if my automatic ACH payment is returned?

The payment may remain due even though AREF attempted the draft. Contact AREF promptly if a draft is rejected due to insufficient funds, a closed account, incorrect information, or another problem.

If I change banks, does my ACH draft automatically move to the new account?

No. You must provide AREF with updated information, and a new signed ACH authorization and verification documentation may be required.

Can I stop an automatic ACH draft?

Contact AREF for instructions. Stopping an automatic draft does not eliminate or postpone the required loan payment.

Do I need to tell AREF if my address, email, or phone number changes?

Yes. Both the student borrower and co-maker are responsible for keeping their own mailing address, email address, and telephone number(s) current with AREF.

What happens if I change schools or programs?

Contact AREF before making the change whenever possible. Financing approval is based on a particular approved school, program, costs, and enrollment information, so additional review may be required.

What if I receive a scholarship after my loan has already been approved?

Tell the school and AREF. The scholarship may reduce the amount the school is entitled to retain from the AREF loan, and an adjustment or refund may be required.

What if I drop out?

Contact AREF immediately. You remain responsible for the outstanding loan balance after any applicable school refund or other credit is applied.

What if the school owes me a refund?

If the refund relates to costs financed by AREF, the applicable refund is generally sent directly to AREF to reduce the loan balance.

Can my co-maker be removed later?

Do not assume that a co-maker can automatically be released. The co-maker remains responsible according to the executed loan documents unless AREF specifically agrees otherwise in writing.

Can I pay the loan off early?

Yes. There is no pre-payment penalty for paying the loan in full early or making additional principal payments. Contact AREF for a current payoff amount and instructions. Paying the loan off early generally reduces future interest because interest stops accruing after the debt is satisfied.

What if I cannot make a payment?

Contact AREF before the payment becomes seriously delinquent. Addressing a problem early generally provides more opportunity to discuss available options.

Does my school decide whether I qualify?

No. Your school confirms enrollment, program, and cost information, but AREF makes the lending decision.

Can my school tell me exactly what my payment will be?

The school should not calculate or guarantee your final payment. AREF determines the final loan terms and repayment calculation.

17. Common Mistakes That Cause Delays

- The student applies but the co-maker does not.
- An applicant uses a nickname instead of the legal name.
- Addresses or other information differ between applications.
- The wrong school or program is selected.
- Program dates are inaccurate.
- Tuition or fee information is incomplete.
- Scholarships, grants, or discounts are not disclosed.
- Requested documents are not returned promptly.
- Loan documents are incomplete or signatures are missing.
- Applicants wait until immediately before the program begins to apply.

Best practice: Providing complete, accurate, and consistent information the first time is the most effective way to avoid preventable delays.

18. Student Loan Quick Checklist

☐ Confirm that my school and program are approved.
☐ Know my actual tuition and required education costs.
☐ Identify my co-maker.
☐ Complete my student application.
☐ Have my co-maker complete the separate co-maker application.
☐ Respond promptly to AREF requests.
☐ Review my approved loan amount.
☐ Read the loan documents carefully.
☐ Sign and return all required documents. ***The Promissory Note must be notarized***.
☐ Confirm my school enrollment information is correct.
☐ Watch for and save my AREF student loan start letter.
☐ Read the repayment overview and payment instructions in the start letter.
☐ Register for the Borrower Portal.
☐ Decide how I will make my monthly payments.
☐ If using automatic drafts, complete and sign the AREF ACH authorization and provide required bank verification.
☐ Double-check routing and account numbers and verify that my first ACH payment posts successfully.
☐ Keep sufficient funds available before each scheduled ACH draft.
☐ Keep my mailing address, email address, and telephone number(s) current with AREF.
☐ Make sure my co-maker also keeps their contact information current.
☐ Notify AREF promptly if my school status or program changes.
☐ Know when my grace period ends and when my first payment is due.

Questions? Contact AREF

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