

FMS Bank
c/o Student Loan Finance Corporation
 124 South First Street
 Aberdeen, SD 57401
 (800) 645-7404
 Office Hours: 8:00 a.m. to 5:00 p.m. CST

Loan Interest Rate & Fees

Your **starting interest rate** will be between

2.875% and 7.875%

After the starting rate is set, your rate will then vary with the market.

Starting Interest Rate (upon approval)

The interest rate will be determined after you apply. It will be based upon your credit history and other factors. If approved we will notify you of the rate you qualify for within the stated range.

Your Interest Rate During the Life of the Loan

Your rate is variable. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the three month LIBOR Rate (as published in the Wall Street Journal rounded up to the nearest one-eighth of one percent 0.125%). For more information on this rate, see the reference notes.

Although the rate will vary after you are approved, it will never exceed 21% (the maximum allowable by law).

Loan Fees

Origination Fee: None.

Late Charge: 5% of the amount of the past due payment or \$10.00 which ever is less.

Returned Check Charge: up to \$15.00.

Defaulted Loan Collection Fees: If the loan defaults, up to 25% of the principal balance may be assessed for collection fees dependent upon the borrower's state of residency.

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon three (3) different repayment options available to you while enrolled in school.

Repayment Options (while enrolled in school)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over 20 Years (includes associated fees)
1. MAKE NO PAYMENTS Make no payment while enrolled in school. Interest will be charged and added to your loan	\$10,000.00	7.875%	20 years starting after the deferment period	\$26,619.96
2. PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school.	\$10,000.00	7.875%	20 years starting after the deferment period	\$23,209.59
3. MAKE FULL PAYMENTS Pay both principal and interest amounts while enrolled in school.	\$10,000.00	7.875%	20 years starting after your first payment	\$19,887.49

About this example

The first two repayment examples above assume that you remain in school for 4 years and have a 6 month grace period before beginning repayment. It is based on the highest starting rate currently charged and associated fees. Repayment will last 20 years, starting once the initial principal payment is made.

Federal Loan Alternatives

Loan Program	Current Interest Rates
PERKINS for Students	5% fixed
DIRECT STAFFORD for Students	4.66% fixed Undergraduate subsidized & unsubsidized
	6.21% fixed Graduate unsubsidized
PLUS for Parents and Graduate/Professional Students	7.21% fixed

You may qualify for Federal education loans.

For additional information, **contact your school's financial aid office or the Department of Education at:**

www.federalstudentaid.ed.gov

Next Steps

1. Find Out More About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's web site at: www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

The certification form is available at your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market). Before this loan may be consummated, you must complete the self certification form.

REFERENCE NOTES

Variable Interest Rate

- This loan has a variable interest rate, that is based on a publicly available index, the London Interbank Offered Rate (LIBOR). Your rate will be calculated each quarter by adding a margin between 2.5% and 7.50% to the three month LIBOR (rounded up to the nearest one-eighth of one percent 0.125%).
- The rate will not increase more than once a quarter, but there is no limit on the amount that the rate could increase at one time.

Eligibility Criteria

Borrower

- Must be enrolled at an eligible school at least half-time.
- Must be at least the age of majority at the time of loan application based on his/her state of residence.
- Must be a U.S. citizen or permanent resident, or apply with a cosigner that is a U.S. citizen or permanent resident.
- Must meet creditworthy criteria or apply with a cosigner that meets credit criteria.
- No previous defaults on federal or private education loans.
- Maintain satisfactory academic progress as determined by the school.

Cosigners

- A cosigner is not required; however, cosigners generally help a student meet the loan's credit requirements and may help the student qualify for a lower interest rate.
- Must be at least the age of majority at the time of loan application based on his/her state of residence.
- Must be a U.S. citizen or permanent resident.
- Must have an annual gross income of \$18,000 for two years.
- Must meet creditworthy criteria.
- Must have minimum of two years of residency at the cosigner's current and most recent prior address.
- No previous defaults on federal or private education loans.

Bankruptcy Limitations

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

Repayment Options

Payments will be required while in school and grace if you select one of those options. Please refer to the terms of your promissory note or contact your loan servicer for specific information. Deferment options that will allow you to postpone payments during school, internship or residency may be available. During financial difficulty, forbearance may be available for limited periods of time to delay required payments. These provisions are determined by the terms set forth in your application and promissory note. During deferment or forbearance interest will continue to accrue and be added to the principal balance of the loan when repayment begins.