

Repaying Your Kentucky Advantage Education Loan



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Understanding My Loan

The Kentucky Advantage Education Loan program has three repayment plans:

- Full principal and interest payments upon final disbursement,
- Interest-only payments for up to 72 months while in school, or
- Postpone payments for up to 72 months while in school.



Once a loan is disbursed, the repayment plan selected during the application process cannot be changed.

The loan term is set up for 120 months (10 years). An extended repayment term of 180 months (15 years) is available, upon request, if the outstanding Kentucky Advantage Education Loan balance exceeds \$10,000. An extended repayment term will result in a larger total amount paid. Cosigners must also agree to the extended loan term.

Payment amounts may change, if necessary, to ensure that the loan is paid off within the remaining loan term. Any changes to the payment amount will be communicated at least 30 days in advance.

Making My Payments

Payments may be remitted electronically, online, by phone, or by mail.

Electronic Funds Transfer (EFT) allows loan payments to be automatically deducted from a checking or savings account each month. There is no charge for the EFT service. Additional information, as well as an EFT application, may be found at http://www.kheslc.com/paysol_eft.html.



Kentucky Advantage Education Loans paid via EFT may be eligible for a 0.50% interest rate reduction. The interest rate reduction will continue as long as all payments are successfully remitted.



KHEPAY allows for single online or consecutive payments up to six months in advance. To use this free service, create an online account at www.kheslc.com.



Payment by Phone allows for payments from a checking or savings account. This free service is available 24/7 by calling 800.693.8220.



Payments by Mail:

KHESLC
P.O. Box 9001774
Louisville, KY 40290-1774



ChargeSmart allows for debit card payments. To use this service, create an online account at www.kheslc.com. ChargeSmart LLC, a third-party payment processor, charges a fee for this service.

Fees

A late fee of six percent of the monthly payment will be assessed after 15 days past due.

A non-negotiable funds (NNF) fee of \$30 will be charged for a payment returned from any institution. This includes, but is not limited to, insufficient funds, incorrect account information, and stop payment.



Receiving Electronic Correspondence



The Electronic Payment, Information and Communication (EPIC) service provides electronic billing statements and other correspondence. Online documents contain the same information as those delivered by mail, and may be accessed at any time and from any internet location. Online documents are on a secure website, safe from theft and unauthorized viewing. To use this service, create an online account at www.kheslc.com.

Understanding My Statement

When a loan enters repayment, a billing statement is generated each month approximately three weeks prior to the monthly payment due date. The billing statement contains information such as monthly payment amount, payment due date and current interest rate.

To assist in understanding the billing statement, visit www.kheslc.com/statement_guide.html.

For help reading this statement, please visit www.kheslc.com/statement_guide.html.

This is your monthly billing statement. Please remit the amount indicated. Thank you for your prompt payment.

Check this message box for special announcements.



P.O. Box 24328
Louisville, KY 40224-0328
Phone: (800) 693-8220
Fax: (502) 329-7077
www.kheslc.com

6/15/2011

JOHN DOE
123 MAIN STREET
LOUISVILLE, KY 40201

Account #: 123456789 **Private Loan**

Current Principal Balance	\$2500.00
Estimated Accrued Interest	\$8.00
Total Payments Received	\$190.00
Amount Delinquent	\$0.00
Current Fees	\$0.00
Total Payoff	\$2508.00
Total Amount Due By Due Date	\$190.00
Payment Due Date	07/06/2011

A late fee of \$11.40 will be assessed after July 20, 2011. Total amount of \$201.40 will be due after July 20, 2011.

THE INFORMATION ABOVE REFLECTS THE LOAN GROUPS LISTED ON THE REVERSE AND IS AS OF THE STATEMENT PRINT DATE.

Current Principal Balance: Principal balance owed before interest and fees.
Estimated Accrued Interest: Interest accrued to our next billing statement.
Total Payments Received: Total amount of all borrower payments received since last statement. These payments may reflect loans not listed on this statement.
Amount Delinquent: Any payment amount that is past due. All amounts and loans having a delinquency that exceeds 60 days will be reported to all consumer reporting agencies.
Current Fees: The late fee is 6% of the scheduled payment amount.
Total Payoff: The payoff as of your next due date including principal, interest and fees, as calculated on the statement print date. Please call customer service or visit kheslc.com for information on all loans or for an updated payoff amount.
Total Amount Due By Due Date: Unless enrolled in EFT, this is the current amount due plus any past due amount, interest or fees. If late, a payment is not required but you are encouraged to pay the Estimated Accrued Interest.
Payment Due Date: Your payment should be received by the Payment Due Date. If your payment is past due, this date will be the month in which you were delinquent.
Late Fee Amount: The late fees as determined by your lender.
Due Date For Scheduled After: The date determined by your lender by which payment must be received in order to avoid additional fees. If delinquent, the account must be brought current before this date or a penalty fee will be assessed.
EFT Amount: If enrolled in EFT, this is your scheduled payment amount to be withdrawn. Delinquent amounts and partial payments will not be reflected.

Detach here and return this coupon with payment. Please print your Account Number on your check.

Updates my changes below:

Address: _____

Home Phone: _____

Work Phone: _____

E-mail: _____

ACCOUNT #: 123456789
JOHN DOE

TOTAL AMOUNT DUE BY DUE DATE: \$190.00
or EFT AMOUNT: \$190.00

EFT PARTICIPANT - SCHEDULED
PAYMENT AMOUNT WILL BE WITHDRAWN

AMOUNT ENCLOSED \$ _____
 See my special payment instructions on the back.

Kheslc
P.O. BOX 9001774
LOUISVILLE, KY 40290-1774

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Postponing My Payments

A forbearance allows for a temporary suspension of monthly payments under certain circumstances. During forbearance, interest will continue to accrue. If the accrued interest is not paid, it will be capitalized (added to the principal balance) when the forbearance ends.

Forbearances will not remove delinquencies already reported to the consumer reporting agencies, nor remove late fees that have already been assessed. Periods of forbearance do not decrease the repayment loan term.

A forbearance may be requested during a time of:

Economic Hardship

- This forbearance may be granted 12 months at a time. The lifetime maximum forbearance time is 3 years (36 months).
- If the loan has a cosigner, both parties must meet the eligibility criteria listed on the Economic Hardship Forbearance form and both parties must complete and sign the form.



Military Mobilization

- A copy of military orders must accompany the forbearance request.

Identity Theft

- An identity theft forbearance may be requested for up to 60 days, during which time documentation of the identity theft must be provided.
- The forbearance may be extended if KHESLC receives information from a consumer reporting agency that the loan may have been originated as the result of identity theft.

Protecting My Credit Score

Kentucky Advantage Education Loans are reported to national consumer reporting agencies on a monthly basis. Some important points to remember to maintain a healthy credit score include:



- Making loan payments on time.
- Maintaining accurate payment records.
- Retaining important documents, such as promissory notes and disclosure statements, this may assist in resolution of any account disputes.
- Responding immediately to any errors on billing statements or disclosures.
- Ensuring contact information is kept up to date.

Loan Default

The Kentucky Advantage Education Loan defaults at 180 days past due and will be assigned for collections.

If the loan defaults, penalties may include:

- The full balance of the loan becomes due and payable immediately.
- A collection fee is added to the account.
- The default is reported to consumer reporting agencies.
- Requests for future Kentucky Advantage Loans will be denied.
- Forbearance eligibility is lost.
- State income tax refunds and lottery winnings may be offset.
- State-issued professional licenses may be revoked.
- Litigation to garnish your wages and/or place a lien on property and other financial accounts.

Student loans are not usually dischargeable through bankruptcy.

Terms to Know

Accrued Interest – Interest which accumulates on the loan and is payable by the borrower.

Amortization – The reduction and retirement of a debt through periodic payments over time.

Annual Percentage Rate (APR) – A percentage calculation that reflects the total cost of a loan (interest plus all fees) on an annual basis.

Capitalization of Interest – The process by which accrued interest on a loan is added to the principal balance. That amount then becomes part of the principal balance and begins to accrue interest.

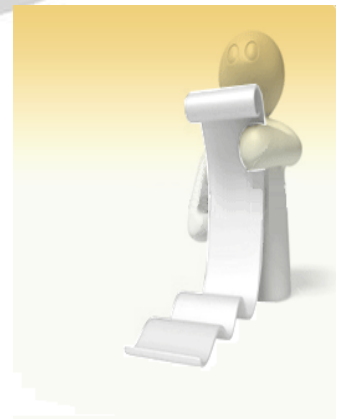
Credit Report – A summary of credit history maintained by an authorized consumer reporting agency and sent to authorized parties, when requested. Credit reports include information such as current and recent addresses, employment information, payment performance for at least the past seven years, type of debt owed and the lending institution for each account, available credit and current balances.

Default – The failure to make payments when due or to comply with other terms of the promissory note.

Delinquency - When payment is not made by the due date.

Disclosure – A document which provides specific legal and financial details about a loan.

Electronic Funds Transfer (EFT) - Electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.



Forbearance – An agreement between the lender/holder/servicer and the borrower to accept a temporary suspension of loan payment.

Garnishment of Wages – The automatic deduction of a portion of a defaulted borrower's paycheck by his/her employer. A lender/holder or the government may take this action to force repayment of a defaulted loan.

Guarantee Fee – A percentage of the principal charged to the borrower to insure a lender/holder against loss resulting from a borrower's failure to repay.

Interest – A charge for the use of money. Interest is calculated as a per annum percentage of the loan principal.

Loan Period – The academic year, or portion thereof, for which the applicant is enrolled and is seeking one or more loans.

Past-Due – A borrower who has failed to make one or more scheduled payments by the payment due date.

Payment Evaluation - Review of a loan and modification of the monthly payment amount, if needed, so the loan is paid off within the loan term.

Payment Application – The order in which payments are applied. Payments are applied to fees, then interest, and then principal. If additional payments are received that satisfy the fees and interest, the remaining portion of the payment is automatically applied to the principal balance.

Principal – The total amount borrowed plus any capitalized interest.