

# REPAYING YOUR ADVANTAGE EDUCATION LOAN

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**800-693-8220**

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# Understanding Your Loan

The 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. Principal and interest payments begin six months after you leave school or drop below half-time status.
- Postponed payments for up to 72 months while in school. Principal and interest payments begin six months after you leave school or drop below half-time status.

Advantage Loans on an interest-only or deferred payment plan and disbursed after 7/1/13 are eligible for a six-month grace period after separation from school.

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

## Extended Loan Term

The standard loan term is set up for 120 months (10 years). You can request an extended repayment term of 180 months (15 years) if your outstanding Advantage Education Loan balance is more than \$10,000. The extended repayment option is only offered to loans disbursed before May 1, 2017.

## Graduated Repayment

No matter the payment plan you've chosen, you can also request graduated payments. A reduced payment is made for the first two years, then payments increase by 10% every two years until the account is paid in full. To request graduated repayment, the account must be current and you must have at least three years of loan term remaining.

Payment amounts may change to ensure that the loan is paid off within the remaining loan term. We will let you know at least 30 days in advance if your payment amount will change.

# Understanding Your Statement

When your loan enters repayment, you will get a billing statement about three weeks before the monthly payment is due. The statement will show your monthly payment amount, payment due date and interest rate.

For help understanding this statement, sign in to your account at [ARCServicing.com](http://ARCServicing.com), go to General Information, then FAQs.

The image shows a sample Advantage Education Loan statement from Kheslc. The statement is dated FEB 11, 2024 and is addressed to JOHN DOE at 1234 MAIN STREET, LOUISVILLE KY 40002. It includes a table with the following data:

Advantage Loans	
Current Principal Balance	\$6,329.06
Current Accrued Interest	\$16.84
Total Payments Through Last Statement	\$0.00
Amount Delinquent	\$0.00
Current Fee	\$0.00
Total Payment	\$6,345.90
Total Amount Due By Due Date	\$63.00
Payment Due Date	MAR 05, 2024

The statement also contains various notices, including a warning about the consequences of non-payment and a note about the grace period. At the bottom, there is a large orange 'SAMPLE' watermark and a box for account information and payment instructions.

# Making Your Payments

You may send payments electronically, online, by phone or by mail.



**Electronic Funds Transfer (EFT)** deducts loan payments automatically from your checking or savings account each month. There is no charge for the EFT service. For more information and an EFT application, visit [ARCServicing.com](http://ARCServicing.com) and click on General Information > Forms > Repayment Forms.

Advantage Education Loans paid by EFT may be eligible for an interest rate reduction. The interest rate reduction will become effective at the time the EFT application is processed and will continue as long as all payments are successfully remitted. The interest rate reduction may be removed if a payment fails to be processed due to reasons including but not limited to insufficient funds, closed account or invalid account number.



**KHEPAY** lets you set single or consecutive payments up to six months in advance. To use this free service, sign in or create an online account at [ARCServicing.com](http://ARCServicing.com).



**Payment by Phone** lets you make payments from a checking or savings account. This free service is available 24/7 by calling 800.693.8220.



**Payments by Mail** allows you to submit a payment by check or money order made payable to ARC Servicing and mailed to:  
ARC Servicing  
PO Box 9001774  
Louisville, KY 40290-1774

Options to pay with **debit/credit cards** are available. Please visit [ARCServicing.com](http://ARCServicing.com) or speak with a loan servicing representative at 800-693-8220 for more information.

## Fees

Advantage Loans disbursed before January 1, 2016.

A late fee of 6% 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. Examples include insufficient funds, incorrect account information and stop payment.

Advantage Loans disbursed after January 1, 2016, do not have any late fees, and the NNF is \$15.

Advantage Loans disbursed after January 15, 2018, do not have late fees or NNF fees.



# Receiving Electronic Correspondence



EPIC is our electronic communications and information service. It conveniently provides electronic retrieval of billing statements and select correspondence, although some documents still have to be mailed to you. Online documents contain the same information as those delivered by mail. You will receive an email when new documents and billing statements are ready for viewing. Most borrowers will be automatically enrolled in this service. To access EPIC, sign in to your account at [ARCServicing.com](http://ARCServicing.com).

## Postponing Your Payments

If you're having difficulty making your Advantage Loan monthly payment, we can help. A forbearance allows you to temporarily suspend payments under certain circumstances. Interest continues to accrue. If you don't pay the accrued interest, 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 or remove late fees that have already been assessed. The months used while in an Economic Hardship Forbearance will count towards (decrease) your loan term remaining. The Economic Hardship Forbearance will not extend your repayment period.

You can request a forbearance for:

### Economic Hardship

This forbearance may be granted for up to 3 months at a time. You may be eligible if your total monthly student loan obligation is at least 20% of your total monthly gross income. You must provide income documentation with the forbearance request.

### Military Mobilization

Active duty service must be verified.

# Protecting Your Credit Score

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

- Making loan payments on time.
- Maintaining accurate payment records.
- Keeping important documents, such as promissory notes and disclosure statements, that can help resolve account disputes.
- Responding immediately to any errors on billing statements or disclosures.
- Ensuring contact information is kept up to date.

## Loan Default

The 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.
- You may be subject to administrative wage garnishment.
- Litigation may result in garnishment of your wages and/or the placement of a lien on your property and other financial accounts.
- A collection fee may be added to the account.
- State income tax refunds and lottery winnings may be offset.
- The default is reported to consumer reporting agencies.
- Forbearance eligibility is lost.
- Requests for future Advantage Loans will be denied.

Education loans  
are not usually  
dischargeable  
through  
bankruptcy.



# Terms to Know

**Accrued Interest** — Interest that accumulates on the loan and is paid by you.

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

**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 third 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, 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 that provides specific legal and financial details about a loan.

**Electronic Funds Transfer (EFT)** — Electronic exchange or transfer of money from one account to another through computer systems.

**Forbearance** — An agreement between you and ARC Servicing to accept a temporary suspension of your loan payments.

**Garnishment of Wages** — The automatic deduction of a portion of your paycheck by your employer to force repayment of a defaulted loan.

**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.

**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 applied to the principal balance.

**Principal** — The total amount borrowed plus any capitalized interest.