SOUTHERN
METHODIST
UNIVERSITY

Division of Enrollment Services
Financial Aid

Dear Parents,

SMU is pleased to inform you of its Family Assistance Loan. This loan program is designed for First-Year students only. We believe it is one of the finest non-federal, family educational loans available nation-wide. Our program offers a fixed low interest rate (7%, simple), a repayment period of up to eight years, and a monthly payment amount that does not change during the life of the loan.

These terms are fair, predictable and operationally simple. Excepting use of your own income, savings or other assets, we believe this will be the least expensive mechanism available to help your family pay that portion of educational costs for which it will be responsible.

This is an institutional SMU program as opposed to a federal one, therefore, financial need is *not* an eligibility criterion. Eligibility is, however, based on documented income and credit worthiness. A $75 processing fee is assessed to each application.

Please be advised that if you borrow the Family Assistance Loan and in the future file and qualify for need based aid, ½ of the yearly amount of the Family Assistance Loan must count toward need.

To apply for this loan, complete the accompanying credit application, include your credit report with a FICO score for all three credit bureaus (Trans Union, Equifax, & Experian) and enclose a check for $75 payable to SMU. Attach copies of your two (2) years most recent federal income tax return with all schedules, two (2) years most recent W2s/1099s, and two (2) current pay stubs to cover a one (1) month period. Mail the original completed application and copies of the aforementioned credit & income documentation to: **SMU-STUDENT FINANCIAL OPERATIONS, ATTN: MARY ANN FRYE, PO BOX 750181, DALLAS, TX 75275-0181.** For general questions or concerns, please contact Student Financial Operations by email at SFLoans@smu.edu or by phone at 214-768-4794 or 214-768-3417.

Note that there is a July 1st application deadline. Processing time is two to four weeks. Please keep that period in mind as time approaches for University payment due dates in August. Submit your completed credit application, $75 processing fee, and all supporting credit/income documents by July 1st.

A general description of our SMU Family Assistance Loan is found on the next page. Actual legal documents (Truth-in-Lending Disclosure Statement and Promissory Note) will be sent for your review upon approval of your credit application. Meanwhile, please feel free to contact your financial aid advisor for interpretations, clarifications or other assistance.

You are important to us. For this reason we extend this invitation to apply for the SMU Family Assistance Loan. We believe it is a wonderful credit mechanism for funding an SMU education.

Sincerely,

Southern Methodist University
Division of Enrollment Services

PO Box 750181 • Dallas TX 75275-0181 • Phone: 214-768-3417 • Fax: 214-768-3878

GENERAL DESCRIPTION OF THE SMU FAMILY ASSISTANCE LOAN

Amount: SMU will lend $2000 to $10,000 per semester (up to $20,000 annually) for a maximum of 4 years (8 terms) to be applied against the student's invoice charges of tuition, fees, room, and board. Room and board charges for fraternity or sorority houses and off campus housing costs may also be covered. The annual eligibility may be reduced if other aid has been awarded. If in the future you qualify for need based aid, the yearly amount of the Family Assistance Loan will be reduced.

Please apply for an annual amount which is an even multiple of $1,000. Our minimum annual loan is $4,000 ($2,000 per semester).

Interest: The interest charge is seven percent (7%) simple annual interest and is computed and charged against advances only as they are made.

Repayment: This loan is for First-Year students and for four years. The repayment period is two years for each year of borrowing. The first payment is due on September 1 of the student recipient's initial loan year. On the basis of the projected cumulative loan amount, which is a multiple of the annual amount for which you are applying, an appropriate monthly amortization schedule is established. This provides fixed monthly payments for the duration of the repayment. If the projected cumulative loan is subsequently reduced because of scholarship awards or at the borrower's request, the monthly payment amounts remain unchanged and the debt is retired early with an appropriate reduction in number of payments. Your payments may be authorized through a bank draft mechanism.

You may prepay any part of or all of your loan at any time without penalty.

Listed below are examples of annual loan amounts with their corresponding monthly payments. This example is based on a First-Year student borrowing all four(4) years with a two(2) year repayment period for every year of borrowing for up to eight(8) years. For additional information on repayment options/schedules, please contact Student Financial Operations- Mary Ann Frye via phone 214-768-4794 or email mfrye@smu.edu .

BORROWED PER YEAR	TOTAL BORROWED (8 SEMESTERS)	TOTAL INTEREST	TOTAL PAID	96 MONTHLY PAYMENTS OF *
20,000	80,000	13,498.60	93,498.60	973.95
19,000	76,000	12,823.75	88,823.75	925.25
18,000	72,000	12,148.58	84,148.58	876.56
17,000	68,000	11,473.73	79,473.73	827.86
16,000	64,000	10,798.88	74,798.88	779.16
15,000	60,000	10,124.00	70,124.00	730.46
14,000	56,000	9,448.87	65,448.87	681.77
13,000	52,000	8,774.02	60,774.02	633.07
12,000	48,000	8,099.20	56,099.20	584.37
11,000	44,000	7,424.30	51,424.30	535.67
10,000	40,000	6,749.11	46,749.11	486.98
9,000	36,000	6,074.30	42,074.30	438.28
8,000	32,000	5,399.51	37,399.51	389.58
7,000	28,000	4,724.60	32,724.60	340.88
6,000	24,000	4,049.37	28,049.37	292.19
5,000	20,000	3,374.58	23,374.58	243.49
4,000	16,000	2,699.70	18,699.70	194.79

*all loans are 95 equal payments with a slightly reduced amount for 96th payment