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# NEW ENGLAND CONSERVATORY

## Financing Options 2006-2007

- Compare popular payment options and select the one right for you
- Apply for an affordable plan

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New England Conservatory of Music's (NEC) Financial Aid Office is committed to assisting students with the financing of their NEC degree. This brochure lists both the federal and alternative loan programs that our office recommends for students and parents to consider when looking to finance an NEC education.

Your ability to gain funding through an alternative educational loan will be largely based on your or your co-signer's (if applicable) credit-worthiness and current overall debt. In addition, your ability to obtain funding through an alternative educational loan source may also be based on yours or your co-signer's citizenship status. Each loan works differently, and each loan requires students to complete the application process specific to the loan being requested, submitting any additional information that may be required (ie: proof of income, citizenship documentation, etc.).

This brochure also includes contact information and outlines ways in which you can obtain a paper application or apply online for the alternative loan that you select.

Through our partnership with Citizens Bank, NEC is able to offer our students loans with reduced fees and low interest rates. We are extremely proud to work closely with Citizens Bank, as this partnership will ensure students a successful and financially sound academic year.

## ALTERNATIVE LOAN OPTIONS

	<b>Federal PLUS Loan</b> <i>(Graduate Students or Parents of Undergraduate Students)</i>	<b>Signature Student Loan®</b> <i>Offered by Citizens Bank</i>	<b>Citizens Bank Alternative Loans</b> <i>(Undergraduate and Graduate)</i>	<b>MEFA Undergraduate and Graduate Loans</b> <i>Massachusetts Educational Financing Authority</i>	<b>CitiAssist</b> <i>Offered by Citibank</i>
<b>CRITERIA</b>	<ul style="list-style-type: none"> <li>No adverse credit (more than 90 days delinquent on debt)</li> <li>If denied, student can borrow Unsubsidized Federal Stafford Loan</li> </ul>	<ul style="list-style-type: none"> <li>Credit-worthy<sup>2</sup> undergraduate and graduate students</li> <li>Student must be enrolled at least half-time</li> </ul>	<ul style="list-style-type: none"> <li>Credit-worthy<sup>2</sup> with proven ability to repay</li> <li>Student must be enrolled at least half-time (undergraduate or graduate)</li> <li>Credit-ready<sup>2</sup> graduate</li> </ul>	<ul style="list-style-type: none"> <li>Credit-worthy<sup>2</sup></li> <li>Stable income</li> <li>Applicant subject to credit check</li> </ul>	<ul style="list-style-type: none"> <li>Credit-worthy<sup>2</sup> student alone or with a co-signer</li> <li>May be enrolled less than part-time, half-time or full-time status</li> <li>Positive credit history</li> </ul>
<b>BORROWER</b>	<ul style="list-style-type: none"> <li>Parent/step-parents of dependent undergraduate students</li> <li>Graduate student</li> </ul>	<ul style="list-style-type: none"> <li>Student alone, or with co-signer</li> <li>International students must apply with a U.S. citizen or permanent resident as co-signer</li> </ul>	<ul style="list-style-type: none"> <li>Student alone, or with co-signer</li> <li>International students must apply with a U.S. citizen or permanent resident as co-signer</li> </ul>	Both: <ul style="list-style-type: none"> <li>Available to all residents of U.S. and Canada</li> <li>International students must apply with a U.S. citizen or permanent resident as co-signer</li> <li>Undergraduate: Co-applicant required – cannot be the primary applicant</li> </ul>	<ul style="list-style-type: none"> <li>Co-signer must be U.S. citizen or permanent resident</li> <li>International students must apply with a U.S. citizen or permanent resident co-signer</li> </ul>
<b>INTEREST RATE</b>	<ul style="list-style-type: none"> <li>Fixed rate of 8.50% (subject to change per Federal Regulation) for loans guaranteed on or after July 1, 2006</li> </ul>	<ul style="list-style-type: none"> <li>Variable rate based on WSJ Prime<sup>3</sup> minus 0.50% to Prime plus 6%<sup>4</sup></li> <li>Interest rates vary depending on credit score<sup>5</sup> and presence of a co-signer</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate: Variable rate as low the LIBOR Index<sup>6</sup> plus 2.99%<sup>7</sup></li> <li>Graduate: Variable rate as low the LIBOR Index<sup>6</sup> plus 3.15%<sup>7</sup></li> <li>Actual rates may vary depending on credit score</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate: variable rate of LIBOR Index<sup>6</sup> plus 2.30% (immediate or interest only repayment) or LIBOR Index<sup>6</sup> plus 2.80% (deferred repayment)</li> <li>Graduate: variable rate of LIBOR Index<sup>6</sup> plus 2.30%</li> </ul>	<ul style="list-style-type: none"> <li>Variable rate based on WSJ Prime<sup>3</sup> plus a margin. Exact interest rates depend on credit review and co-signer presence</li> </ul>
<b>FEES<sup>1</sup></b>	<ul style="list-style-type: none"> <li>3% of the amount borrowed deducted out of the proceeds</li> </ul>	<ul style="list-style-type: none"> <li>0% or 3% repayment fee depending on credit score and presence of a co-signer</li> </ul>	<ul style="list-style-type: none"> <li>Fees as low as 0%<sup>7</sup></li> <li>Actual fees may vary depending on credit score</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate: 3.75%</li> <li>Graduate: 3.75% with a co-signer; 7% without a co-signer<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li>No Fees</li> </ul>
<b>REPAYMENT AND INCENTIVES</b>	<ul style="list-style-type: none"> <li>10 year term</li> <li>Begins within 60 days after second disbursement</li> <li>Borrower may choose lower initial payments for the first 2 or 4 years</li> <li>0.25% interest rate reduction when borrower chooses to have payments automatically deducted from bank account</li> <li>1% interest rate reduction immediately after full disbursement</li> <li>No prepayment penalty</li> </ul>	<ul style="list-style-type: none"> <li>Up to 25 year term</li> <li>Defer principal and interest while in school</li> <li>6 month grace period</li> <li>Co-signer release option available after 24 consecutive, on-time payments</li> <li>No prepayment penalty</li> </ul>	<ul style="list-style-type: none"> <li>Up to 25 year term</li> <li>Payment can be deferred while student is in school and during 6 month grace period</li> <li>Co-signer release option after 48 consecutive, on-time payments</li> <li>Can be used for past due balances – no time limit</li> <li>0.25% interest rate reduction for automatic payment deductions from any bank account</li> <li>No prepayment penalty</li> </ul>	Both: <ul style="list-style-type: none"> <li>15 year term</li> <li>No prepayment penalty</li> <li>Home equity option available</li> </ul> Undergraduate <ul style="list-style-type: none"> <li>Repayment begins 45 days after disbursement</li> <li>Deferment option available</li> </ul> Graduate <ul style="list-style-type: none"> <li>Payments deferred while student is in school and during 6 month grace period</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate: 12 years</li> <li>Graduate: 15 years</li> <li>Payments deferred during in-school and 6 month grace period</li> <li>0.50% interest rate reduction after 48 consecutive on-time payments</li> <li>0.25% off interest for direct repay</li> <li>Can be used for past due balances up to 1 year</li> <li>In-school deferment up to 10 years</li> <li>Forbearance up to 12 months option</li> <li>Graduated repayment option</li> <li>Co-signer release option available</li> </ul>
<b>INTEREST CAPITALIZATION</b>	<ul style="list-style-type: none"> <li>Interest may be tax deductible – contact your tax professional for details</li> </ul>	<ul style="list-style-type: none"> <li>Deferred interest is capitalized onto the principal amount upon entering repayment</li> </ul>	<ul style="list-style-type: none"> <li>Deferred interest is capitalized onto the principal amount upon entering repayment</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Deferred interest is capitalized onto the principal once at the beginning of repayment</li> </ul>
<b>DISBURSEMENTS</b>	<ul style="list-style-type: none"> <li>2 disbursements, sent to the school, co-payable to the school and student</li> </ul>	<ul style="list-style-type: none"> <li>2 disbursements, sent to the school, co-payable to the school and student</li> </ul>	<ul style="list-style-type: none"> <li>2 disbursements, sent to the school, co-payable to the school and student</li> </ul>	<ul style="list-style-type: none"> <li>2 disbursements, sent to the school, co-payable to the school and student</li> </ul>	<ul style="list-style-type: none"> <li>2 disbursements payable to school</li> </ul>
<b>AGGREGATE DEBT LIMIT</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>\$100,000 in federal and private loan debt without a co-signer</li> <li>No limit with a co-signer</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate: None</li> <li>Graduate: Subject to an aggregate maximum education debt requirement that varies depending on your area of study</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>\$120,000 for undergraduates</li> <li>\$150,000 for graduate students</li> </ul>
<b>CONTACT INFORMATION</b>	<ul style="list-style-type: none"> <li>Citizens Bank: 1-800-708-6684</li> <li>citizensbank.com/edu</li> </ul>	<ul style="list-style-type: none"> <li>1-800-695-3317 (Designate Citizens Bank as your lender)</li> <li>salliemae.com/signature/citizens</li> </ul>	<ul style="list-style-type: none"> <li>1-800-708-6684 (voice activated – say “TERI Loan”)</li> <li>citizensbank.com/edu</li> </ul>	<ul style="list-style-type: none"> <li>1-800-449-MEFA (6332)</li> <li>mefa.org</li> </ul>	<ul style="list-style-type: none"> <li>1-800-967-2400</li> <li>studentloan.com/citiassist</li> </ul>

<sup>1</sup> Fees are percentages of amount borrowed.

<sup>2</sup> Credit-worthy applicant demonstrates a current ability to repay the loan. A credit-ready applicant demonstrates an ability to make loan payments in the future, usually after graduation. Credit-worthy loans generally feature lower interest rates and fees than credit-ready loans.

<sup>3</sup> Refers to Wall Street Journal Prime (WSJ Prime). As of 3/1/06, Prime is 7.50%.

<sup>4</sup> Interest rates and fees provided in this document for the Signature Student Loan® are applicable for the 2006-07 academic year.

<sup>5</sup> Credit scoring set by Sallie Mae.

<sup>6</sup> The LIBOR Index is equal to the average of the 1-month LIBOR rates as published in the “Money Rates” section of the Wall Street Journal on the first business day of each of the three (3) calendar months immediately preceding each quarterly adjustment date. LIBOR means the London Interbank Offered Rate. As of 1/1/06, the LIBOR Index is 4.08%.

<sup>7</sup> Interest rates and fees provided in this document for the Citizens Bank Undergraduate Loan are applicable for the 2006-07 academic year.

<sup>8</sup> Interest rates and fees provided in this document for the MEFA loan are applicable for the 2006-2007 academic year.