

## WHAT IS AN APR?

APR stands for “annual percentage rate.” The APR is the yearly cost to you of borrowing your loan, shown as a percent of the amount you borrowed. The federal Truth in Lending Act requires that lenders provide you with an APR so you can figure out how much borrowing money is expected to cost you each year. Because it is calculated the same way on different loans from different lenders, the APR also allows you to compare loans with different terms and conditions.

## WHY IS THE APR A PERCENT INSTEAD OF A DOLLAR AMOUNT?

The dollar amount you pay for your credit will vary, depending on how much you borrow, and how long it takes you to repay your loan. If you have only the dollar amount of your costs, you cannot compare the annual cost of different loans. As an annual percentage, APR allows you to compare the yearly cost of loans of any amount or repayment period. Don't forget that the **longer** it takes you to repay your loan, the **more** you pay in cost of credit.

## HOW IS THE APR DIFFERENT FROM THE NOTE RATE, OR THE STATED INTEREST RATE?

The APR differs from the stated rate for a number of reasons:

- ◇ Interest free periods
- ◇ Periods during which interest is charged but no payment is made (in-school or deferment periods on unsubsidized loans and delinquency periods on any loan)

For AlaskAdvantage™ variable rate loans (loans for which the interest rate is re-set yearly), your



The initial APR is calculated using the maximum permitted rate which may be much higher than the actual rate.

Because we are unable to predict interest rates for variable rate loans over the life of the loan, providing

you with the highest possible APR means that you always know the *maximum* your loan could cost, assuming you make timely payments. Your actual costs will generally be lower. We want any surprises associated with your AlaskAdvantage™ education loans to be pleasant ones!

You should note that the initial APR assumes you make all your payments on time. Your costs may exceed the APR if you don't make payments when they are due.

## THE MPN ON MY ALASKA SUPPLEMENTAL EDUCATION LOAN LISTS AN INTERIM APR AND A REPAYMENT APR – WHAT'S THE DIFFERENCE?

Your Alaska Supplemental Education Loan has two different interest rates – one rate applies before you enter repayment and the other applies after you enter repayment. Because there are two different rates, there are also two different APRs. On most loans, the interim period begins when your loan funds are disbursed and ends when your loan enters repayment status.

## HOW DO ALASKADVANTAGE™ BORROWER BENEFITS FIGURE INTO MY APR CALCULATION?

We cannot predict which benefits you may qualify for, so the APR listed on your MPN is calculated as if you did not receive any borrower

benefits. Any benefits you qualify for will reduce the total amount you will repay.

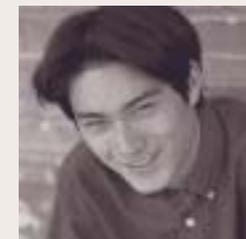
## WHY ISN'T THERE AN APR ON THE MPN FOR MY FEDERAL EDUCATION LOANS?

The federal Truth in Lending Act does not apply to certain types of loans, including federally-guaranteed education loans.

## IS THERE ANY FINE PRINT I SHOULD BE AWARE OF REGARDING APR?

There is, and it's all contained in your AlaskAdvantage™ Master Promissory Note and related loan disclosures. These documents contain the full APR information required by the Truth in Lending Act. This brochure is a supplement to that information, but it is not a substitute for that information. Be sure to read all your loan documents carefully, and don't hesitate to contact us if you have any questions.

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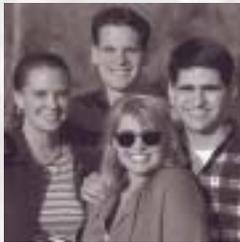
## APR: ANNUAL PERCENTAGE RATE WHAT DOES IT MEAN TO YOU?

### We're glad you asked...

Inside this brochure, you'll find answers to the most commonly asked questions about the APR and your AlaskAdvantage™ education loans from the Alaska Commission on Postsecondary Education.

Complete information regarding the APR on your AlaskAdvantage™ education loans is found on your Master Promissory Note (loan application) and related loan disclosures. The information in this brochure is not a substitute for those disclosures. Please be sure to read all your loan documents carefully, and don't hesitate to call us if you have any questions.

Alaska Commission on Postsecondary  
Education, AlaskAdvantage™ Programs  
(800) 441-2962 (465-2962 in Juneau)  
alaskadvantage.state.ak.us



**AlaskAdvantage™ Programs**  
Alaska Commission on Postsecondary Education

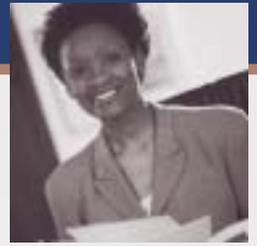
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**Annual Percentage Rate**



**ANNUAL PERCENTAGE RATE (APR)  
WHAT IT MEANS TO YOU**

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