

## Alternative/Private Loans for Undergraduate Students (terms as of 7/2007\*)

*These loans require a separate application and credit check – please contact the individual lenders to receive an application, or you can apply online.*

	Access Group Comprehensive Access Loan 800.282.1550 www.accessgroup.org	Citibank CitiAssist Loan 800.967.2400 www.studentloan.com	Total Higher Education T.H.E. Private Loan 888.843.0004 www.northstar.org
Loan Limits (loan min/max)	\$1000/total costs minus other aid	None/total costs minus other aid	\$100/total costs minus other aid
Interest Rate	VARIABLE RATE – adjusted quarterly  <u>Tiered System:</u> Best Credit – 3-month LIBOR + 2.75% Most Borrowers – 3-month LIBOR + 3.95% Marginal Credit – 3-month LIBOR + 6.45%	VARIABLE RATE – adjusted quarterly  <u>Tiered System:</u> Superior Credit – Prime -.05% Excellent Credit – Prime + 0% Good Credit – Prime + 2.0%** Marginal Credit – Prime + 4.0%**	VARIABLE RATE – adjusted quarterly  <u>All Undergraduate Loans:</u> Premier Credit – 3-month LIBOR + 2.8% Good Credit – 3-month LIBOR + 4.0%  (interest rate is capped at 18%)
Fees	None	None	None
Interest Capitalization	At repayment; After a deferment/forbearance	At repayment; After a deferment/forbearance	At repayment; After a deferment/forbearance
Grace Period	9 months	6 months	9 months
Repayment Terms	Up to 20 years	Up to 20 years	Up to 20 years
Repayment Incentives	Eligible for a 0.5% interest rate reduction after first 48 months of on-time payments.  Eligible for a 0.25% interest rate reduction after setting up automatic withdrawal from checking or savings account.  No pre-payment penalties.	Eligible for a 0.5% interest rate reduction after first 48 months of on-time payments.  Eligible for a 0.25% interest rate reduction after setting up automatic withdrawal from checking or savings account and agreeing to receive electronic statements only.  No pre-payment penalties.	THE Repayment Bonus - a monthly credit equal to an annualized 1.0% interest rate discount to all borrowers in repayment and less than 60 days delinquent.  No pre-payment penalties.

\*All terms and conditions are subject to changes by the individual lenders above. Applicants are encouraged to contact each lender for specific up-to-date terms and conditions. Current interest rates can be found online at <http://bankrate.com/brm/ratehm.asp>.

\*\* Rate shown is the rate for students applying without a cosigner. The rate listed may be 1% lower if the student applies with a credit-worthy cosigner.

## Frequently Asked Questions

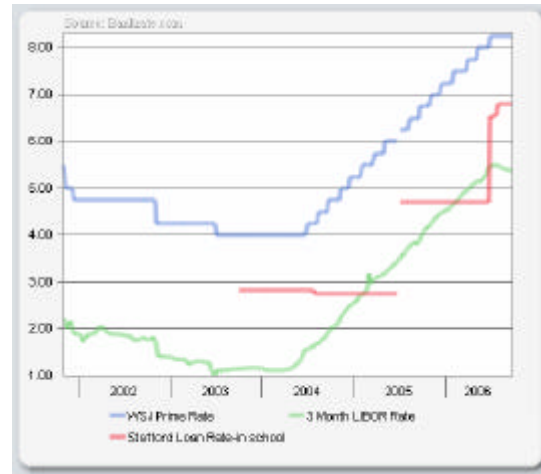
**Q: It looks like each bank bases their interest on different interest rates. What are these rates and what do they mean?**

A: The lenders listed are basing their rates on either the 3-month LIBOR rate or the Prime rate. Most lenders use a tiered approach to determining your quarterly interest rate, so your rate will be determined by which tier you fall into. The only exception on this list is T.H.E. who has one set rate for all undergraduate students.

LIBOR stands for London Interbank Offered Rate. It is the rate at which banks offer to lend money to one another in the wholesale money markets in London. In general, its changes have been smaller than the prime rate.

The Prime Rate is the consensus rate at which banks lend money to their most favored customers. It is calculated by surveying the 30 largest banks. It changes when  $\frac{3}{4}$  of those banks change their individual prime rates, but in general it will adjust in lock step with changes by the Federal Reserve Board.

Below is a chart showing each rate's history. The topmost line shows the Prime Rate trend, while the bottom line shows the trend of the 3-month LIBOR rate. The middle line shows how Federal Stafford loan rates have fluctuated – as you can see, an alternative loan will likely have a higher interest rate than a Stafford loan. Stafford loan rates are now fixed at 6.8% for the life of the loan.



**Q: So should I apply with multiple lenders to find the best rate available to me?**

A: Yes. When your credit is checked by the first lender you apply with, it will show as a mark on your credit report and will lower your credit score slightly. However, other checks by other educational loan lenders within 14 days of your initial check have absolutely no impact on your credit score. Shopping around for a better rate is completely safe as long as it is done with respect to that 14 day window.

**Q: Should I use a cosigner?**

A: You may not have a choice, but if you do, you absolutely should apply with a cosigner if you know someone who is willing to sign for you. It will likely get you a better interest rate than if you apply on your own. Keep in mind that your cosigner will be responsible for repaying your loans if you neglect to make the payments yourself, so they should understand what they are getting themselves into. Many lenders offer cosigner release options after a certain number of on-time payments, but the student would need to be deemed credit-worthy at that time in order for the cosigner to be released.

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