



## Tips for Choosing an Alternative Student Loan

### *What are alternative loans?*

Alternative loans are private loans made through lending institutions. The loans are not part of the federal government programs. Alternative loans are more expensive than federal government guaranteed loans and should only be used when all other options have been exhausted. Research all possibilities for scholarships, grants, Work-study, and federal loan programs before borrowing from an alternative loan program. If you determine you need an alternative loan, use the helpful comparison chart on the back of this page and research the preferred lenders listed for additional information. Choose the loan that best suits your needs and remember to borrow only what you need.

### *Borrow Wisely!*

Remember that loans must be repaid after you leave school. Live conservatively during college because it will make your life easier after you graduate or leave school. After college there may be cars, houses, and children. Shop around for your alternative loan. Look for a loan that can offer you terms that fit your needs and the service you deserve. Not all loans are the same, so do your homework.

### *How do I compare loans?*

Use the chart on the other side to compare alternative loan options. If you need additional information or clarification on a loan program, contact the lender at the number listed on the other side. It's also easy to find information by surfing the Web.

### *What should I look for in an alternative loan?*

- **Annual Percentage Rate (APR)** - The APR is the annual cost of your loan including the effect of any fees and charges in addition to interest. The APR is determined based on the terms of the loan. APRs will differ based on the terms and loan amount. Make sure you are comparing like loan amounts when comparing APRs to receive a true comparison. Note, if the rate is variable, the APR may be increased after consummation of the loan. Take these terms and APRs into consideration when borrowing an alternative loan.
- **Loan Fees** - Does the alternative loan have origination, disbursement, or repayment fees added to the principal of the loan? These fees can drive up the overall price of the loan.
- **Repayment Incentives** - Does the alternative loan reward borrowers who make payments on time? For example, after 48 consecutive monthly on-time payments, will you receive an interest rate reduction?
- **Loan Limits** - Does the loan have an annual or aggregate limit? Can you afford to borrow within these limits? It's a good idea to borrow from the same lender each year, so make sure the loan can cover your costs throughout the year.
- **Credit Checks** - Because alternative loans are credit-based and not need-based, lenders will check with credit agencies to determine creditworthiness of the borrower. The major reporting agencies are Experian, Equifax, and Trans Union. Your credit history is a summary of personal and employment information, inquiries into your credit history, and any bankruptcies, lawsuits, and liens. Your credit history can contain an accounting of how well you pay off

your rent, utilities and loan payments, and how well you manage your bank accounts. To be considered creditworthy, a borrower must have an established, positive credit history, show employment and residential stability, and demonstrate income sufficient to repay the debt. In addition, interest rates may be determined by the borrower's individual credit rating and the credit rating of the cosigner, if applicable.

- **Pre-approval** - Do you need to know quickly if you qualify? Does the lender offer loan pre-approval over the phone or Internet?
- **Cosigner Requirement** - Does the alternative loan require you to have a cosigner? Sometimes, having a cosigner reduces the costs of the loan; but if you can't find a cosigner, you'll need to find an alternative loan you may borrow on your own.
- **Interest Capitalization** - If you choose not to pay the interest on your loan while you are in school, the interest may be capitalized (added to your principal balance). When is the interest capitalized? Annually? At repayment? If the interest is capitalized annually, the loan is more expensive than if it is capitalized only once at repayment.
- **Repayment** - Does repayment begin immediately or after you graduate or leave school? Make payments whenever you can afford to, but if you can't make regular payments while you're in school you'll need to find a loan that doesn't require immediate repayment.
- **Repayment Period** - How long is the repayment period in which you repay the loan? If your educational costs require you to borrow large amounts, you may need a longer time to repay the loans.



Lender	Wells Fargo	Chase	Teri	Citibank	Bank of America	Wachovia Education Finance
Loan	Wells Fargo Collegiate® Loan	Signature Student Loan®	Undergraduate Loan®	CitiAssist® Loan	Bank of America gate Undergraduate Educational Loan (BAGEL)	Wachovia Educational Loan
Phone	1-800-658-3567	1-800-242-7339	1-800-255-TERI	1-800-692-8200	1-800-344-8382	1-800-EDUCAID, Option 1
Web Site	www.wellsfargo.com/student	www.ChaseStudentLoans.com	www.teri.org	www.studentloan.com	www.bankofamerica.com/studentbanking	www.education.com
Eligibility	<ul style="list-style-type: none"> <li>• Full-time, half-time, or less than half-time enrollment</li> <li>• Positive credit history</li> <li>• U. S. citizen</li> <li>• Permanent resident or international student with qualified</li> </ul>	<ul style="list-style-type: none"> <li>• Full-time, half-time, or less than half-time enrollment</li> <li>• Positive credit history</li> <li>• U. S. citizen</li> <li>• Permanent resident or international student with qualified</li> <li>• Student must be enrolled at least half-time and in a degree granting program</li> <li>• Student must meet minimum credit criteria otherwise, apply with a credit-worthy co-borrower</li> <li>• Student must be making satisfactory academic progress, pursuing an undergraduate degree</li> <li>• All outstanding student loans must be in good standing</li> <li>• U. S. citizen or permanent resident; foreign students are eligible but must apply with a credit worthy co-borrower</li> </ul>	<ul style="list-style-type: none"> <li>• Must be enrolled at least half-time (or better) in a degree or certificate program of study</li> <li>• International student with U.S. citizen cosigner or permanent resident cosigner</li> <li>• At least 18 years of age</li> </ul>	<ul style="list-style-type: none"> <li>• No minimum number of hours</li> <li>• Non-citizens may apply with a U. S. cosigner</li> <li>• Student must be enrolled in school</li> <li>• Satisfactory academic progress not required</li> </ul>	<ul style="list-style-type: none"> <li>• U. S. citizen or eligible non-citizen or foreign student with a qualified co-borrower</li> <li>• At least half-time enrollment</li> <li>• Satisfactory academic progress required</li> <li>• Borrower and co-borrower (if applicable) must meet credit criteria</li> </ul>	<p>U.S. Citizen or permanent Resident</p> <p>International students are eligible with credit worthy US citizen or permanent resident co-signer (only)</p>
Annual Loan Limits	Up to the cost of education less other financial aid	Up to the cost of education minus other financial aid	Up to the cost of attendance minus financial aid	No annual limits	Up to the cost of attendance minus financial aid up to \$45,000	Up to \$45,000
Interest Rate	Prime rate + 0%, 1.50%, 3.50%, or 4.50% (effective 5/1/05)	<ul style="list-style-type: none"> <li>• Interest rate is variable, changing monthly</li> <li>• 2005-2006 rates are for loans first disbursed after June 1, 2005' based on the Prime Rate published in the <i>Wall Street Journal</i> on the last day of the prior month</li> <li>• Interest rate is tiered based on borrower and/or co-borrower credit, ranging from Prime minus 0.25% to Prime + 6.00%</li> </ul>	Interest rates vary by participating lenders	Prime rate + 0.25%	With or without co-borrower <ul style="list-style-type: none"> <li>• In school: 4.79%</li> <li>• In repayment: 5.59%</li> </ul>	Prime + 0%
Loan Fees	No origination, disbursement, or repayment fees	<ul style="list-style-type: none"> <li>• Disbursement fee: 0%</li> <li>• Repayment fee: 0% to 3.00%</li> </ul>	Fees as low as 0%; visit www.teri.org to review participating lender fees	No fees	No fees	No fees
Repayment Period	Up to 12 years	<ul style="list-style-type: none"> <li>• 15 to 25 years based on the loan balance at repayment</li> <li>• \$50 minimum monthly payment</li> </ul>	Up to 12 years	15 years	20 years	20 to 25 years
Grace Period	Six months after graduating or withdrawing from school	Six months after graduation or dropping below half-time status	Six months	Six months	Six months	Six months
Borrower Benefits	<ul style="list-style-type: none"> <li>• 0.50% interest rate reduction for making automatic payments from a Wells Fargo checking or savings account (or 0.25% from a non-Wells Fargo account)</li> <li>• 0.50% interest rate reduction after making the first 48 consecutive monthly payments on time</li> <li>• Cosigner release option available after the first 24 consecutive on-time monthly payments</li> </ul>	<ul style="list-style-type: none"> <li>• Interest-only and extended term repayment options</li> <li>• Prepayment with no penalty</li> <li>• Co-borrower release option after 24 consecutive on-time payments</li> <li>• Pay prior balances up to 12 months in the past</li> <li>• One monthly bill that includes all Chase Stafford and Signature loans</li> </ul>	<ul style="list-style-type: none"> <li>• Participating lenders offer 0.25% interest rate reduction for using automatic bill pay</li> <li>• Participating lenders offer cosigner release after 48 on-time payments</li> <li>• Applicants may borrow for past due balances with no time limit</li> </ul>	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction for payments automatically withdrawn from a bank account</li> <li>• 0.50% interest rate reduction for making the first 48 consecutive monthly payments on time</li> </ul>	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction with auto debit from checking or savings account</li> </ul>	<ul style="list-style-type: none"> <li>• 0.50% interest rate reduction for auto debit repayment</li> <li>• Funds may cover past-due balances up to three years old</li> </ul>