

## Questions to “Ask The Lender”

### Borrower Eligibility

- Is a co-signer required? If so, under what circumstance?
- Would the interest rate and/or fees be reduced if I applied with a co-signer?
- Is there an option to release the co-signer at a later date (i.e. after a specific number of on-time payments)?

### Interest Rates and Other Fees

- Is there an origination fee associated with this loan and if so how much is it? An origination fee is the amount the lender subtracts from each of your loan disbursements. It is usually calculated based upon a percentage of the amount you borrow.
- Is there a repayment fee associated with this loan and if so how much is it? A repayment fee is an amount added to your total loan before your repayment period begins.
- What is the initial interest rate?
- Is the interest rate fixed or adjustable?
- If adjustable, how often does the interest rate adjust (some lenders adjust the interest rates each month, some are quarterly, etc.)?
- Is there a cap on the interest rate (maximum rate that may be charged)?
- What additional fees may be incurred during the life of the loan?
- Are any of these fees based on credit rating or existence of a co-signer?
- What if any interest rate reductions, or other incentives, may be offered during the life of the loan?
- How will the interest on my loan accrue while I am in school? Will it be capitalized? If so, how often? Capitalization is when the interest accrued is added to the amount you borrowed. The frequency at which this occurs is very important when determining how much you will repay. Capitalizing interest once prior to repayment is much better financially for you than capitalizing interest on a monthly basis. Either way, we recommend paying the interest as it accrues while you are in school.

### Loan Application Process

- Is the loan application online or is it paper?
- How does my co-signer complete their section of the application?
- Can I sign the application electronically, or do I need to print, sign and mail the application to the lender?
- How will my school be notified I have been approved?
- How long does it take for the school to be notified?

### Repayment Terms and Conditions

- How long do I have after I graduate or leave school before I am required to start making monthly payments on this loan?
- What is the length of time I will be given to repay this loan?
- What is considered an on-time payment? Some lenders consider payments late if received one day past the due date, others may allow up to 15 days before considering payments late.

*Note: If payments are not timely repayment benefits might be lost.*

Alternative loans should be used as a last resort after exploring all other forms of self-help and federal loan options. Please carefully consider the impact alternative loan debt will have on your budget after you complete school. Most alternative loans offer deferred repayment until after you complete school. However, interest will accrue during the in-school period and will be added to the amount you borrowed. Interpreting the various interest rate types can be confusing. Here's some information to assist you. The rates are given to illustrate comparison only. Current rates can be obtained by contacting the lenders directly:

Examples	Spread	Interest Rate
91-day T-bill Index: 5.05%*	3.5	8.55%
Prime Rate Index: 7.75%*	.5	8.25%
	1.00	8.75%
	4.00	11.75%
LIBOR Rate Index: 4.83%*		
In-school & grace period	2.75	7.58%
Repayment period	3.55	8.38%

\*Actual rates for April 2006

Information about specific loan programs provided by Plymouth State University is for informational use only. Students should contact individual lenders for complete details.

## PSU Financial Aid Team

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Printed courtesy of:

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# A Guide to Alternative Student Loans



Financial Aid Team  
17 High Street, MSC #18  
Plymouth, NH 03264

<b>Loan Programs</b>	<b>LEAF<sup>SM</sup> Loan</b> The NHHEAF Network Organizations 800.719.0708 www.nhheaf.org	<b>Signature Loan</b> Citizens Bank 800.708.6684 www.salliemae.com	<b>Key Bank</b> Key Alternative Loan 800.KEY.LEND www.Key.com/alternative	<b>Citizens Bank</b> Undergraduate Loan (Guaranteed by TERI) 800.708.6684 www.citizensbank.com	<b>Bank of America</b> Alternative Loan (Undergraduate) 800.344.8382 www.bankofamerica.com
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>Based on creditworthiness</li> <li>Borrower or co-borrower must be U.S. citizen</li> <li>Enrolled at eligible school at least half-time</li> <li>Must be a NH resident or attending a school in NH</li> <li>Must be making satisfactory academic progress</li> <li>Must be 18 years of age or older</li> <li>No debt to income ratio</li> </ul>	<ul style="list-style-type: none"> <li>Based on creditworthiness</li> <li>Borrower or co-borrower must be U.S. citizen or permanent resident</li> <li>Enrolled at eligible school at least half-time</li> </ul>	<ul style="list-style-type: none"> <li>An undergraduate or general graduate/business student enrolled at least half-time</li> <li>Must be a US citizen, national, permanent resident or eligible non citizen</li> <li>Both borrower and cosigner, if applicable, must meet credit criteria</li> </ul>	<ul style="list-style-type: none"> <li>Based on creditworthiness</li> <li>Borrower or Co-Borrower must be U.S. Citizen or Permanent Resident</li> <li>Enrolled half-time or more in a degree or certificate program</li> </ul>	<ul style="list-style-type: none"> <li>Borrower and, if applicable, co-borrower meets credit criteria</li> <li>Must be a U.S. citizen or Permanent Resident</li> <li>International students with a U.S. citizen or Permanent Resident co-borrower</li> <li>Must be enrolled at an eligible school at least half-time</li> <li>Must be making satisfactory academic progress</li> </ul>
<b>Min/Max</b>	<ul style="list-style-type: none"> <li>Minimum - \$500</li> <li>Maximum - cost of education less other aid</li> </ul>	<ul style="list-style-type: none"> <li>Minimum- \$500</li> <li>Maximum- cost of education less other aid</li> </ul>	<ul style="list-style-type: none"> <li>Annual Minimum \$500</li> <li>Annual Maximum: Cost of education less other aid</li> <li>Aggregate Maximum 100,000</li> </ul>	<ul style="list-style-type: none"> <li>Minimum: \$1,000</li> <li>Maximum: Cost of education less other aid</li> </ul>	<ul style="list-style-type: none"> <li>Minimum: \$1000</li> <li>Maximum: Cost of Education less other aid</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Variable: adjusts monthly</li> <li>With co-borrower: LIBOR plus 2.00% to 6.50%</li> <li>Without co-borrower: LIBOR plus 3.00% to 7.50%</li> </ul>	<ul style="list-style-type: none"> <li>Variable: adjusts monthly</li> <li>As low as Wall Street Journal Prime minus .25%</li> </ul>	<ul style="list-style-type: none"> <li>With Co-borrower LIBOR + 3.3</li> <li>Without Co-borrower LIBOR + 3.85</li> <li>Adjusts quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Rate as low as LIBOR Index plus 2.99% (deferred payment option) or the LIBOR Index plus 2.80% (immediate or interest only payment)</li> <li>Interest rate will vary depending on creditscore and presence of co-borrower</li> </ul> <p><small>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 4/1/06, the LIBOR Index is 4.83%.</small></p>	<ul style="list-style-type: none"> <li>Variable: adjusts quarterly</li> <li>In school and during 6 month grace period LIBOR + 2.75%</li> <li>In repayment: LIBOR + 3.55%</li> <li>0.25% interest rate reduction with ACH</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>From 0% to 8% depending on credit</li> <li>No repayment fees</li> </ul>	<ul style="list-style-type: none"> <li>No disbursement fee</li> <li>No origination fees</li> <li>From 0 to 3% fee at repayment depending on credit and presence of co-borrower</li> </ul> <p><small>(Actual rates and fees may vary depending on your credit score and your cosigner's credit score, if applicable.)</small></p>	<ul style="list-style-type: none"> <li>No fees</li> </ul>	<ul style="list-style-type: none"> <li>Fees as low as 0%</li> <li>Fees will vary depending on credit score and presence of co-borrower</li> </ul>	<ul style="list-style-type: none"> <li>No fees</li> </ul>
<b>Repayment options</b>	<ul style="list-style-type: none"> <li>6 month grace period after separation</li> <li>Deferment of principal &amp; interest while in-school</li> <li>\$50 minimum monthly payment per borrower</li> <li>15-25 year repayment term</li> <li>Capitalization of unpaid interest once at repayment</li> <li>Standard and graduated repayment plans</li> <li>Consolidation of NHHELCO Alternative loans available May 2006</li> </ul>	<ul style="list-style-type: none"> <li>6 month grace period after separation</li> <li>Deferment of principal &amp; interest while in-school</li> <li>Payments of interest only</li> <li>Immediate repayments of principal &amp; interest</li> <li>15 to 25 year repayment</li> </ul>	<ul style="list-style-type: none"> <li>6 month grace period after separation</li> <li>Deferment of principle &amp; interest while in school</li> <li>No prepayment penalty</li> <li>10, 15 or 20 years dependent on the amount borrowed</li> </ul>	<ul style="list-style-type: none"> <li>6 month grace period after separation</li> <li>Deferment of principle &amp; interest while in school</li> <li>Payments of interest only</li> <li>Borrower may choose immediate repayment or defer principal and interest while in school</li> <li>Up to 25 year repayment term</li> </ul>	<ul style="list-style-type: none"> <li>6 month grace period after separation</li> <li>Deferment of principal &amp; interest while in school</li> <li>Capitalization of unpaid interest once at repayment</li> <li>Maximum repayment period is 20 years</li> <li>No prepayment penalty</li> <li>Temporary forbearance available for hardship</li> </ul>
<b>Miscellaneous</b>	<ul style="list-style-type: none"> <li>0.50% interest rate reduction after 48 on-time payments</li> <li>0.25% interest rate reduction for automatic payments with EasyPay<sup>SM</sup></li> <li>In school and economic hardship and military deferment</li> <li>May be used for past balances up to one year</li> <li>Co-borrower release option available</li> </ul>	<ul style="list-style-type: none"> <li>Request for information at 800.695.3317</li> <li>Designate Citizens Bank as your lender</li> <li>Co-borrower release after 24 on-time payments</li> <li>May be used for past balances up to one year'</li> </ul>	<ul style="list-style-type: none"> <li>Quick online approval</li> <li>Cosigner release option after 48 on time payments</li> </ul>	<ul style="list-style-type: none"> <li>Call 800.708.6684 (voice activated say "TERI Loan")</li> <li>May be used for past balances with no time limit</li> <li>Cosigner release after 48 consecutive ontime payments from borrower</li> <li>.25% interest rate reduction for automatic payments from any bank account</li> </ul>	<ul style="list-style-type: none"> <li>Online application process and e-mail certification</li> <li>Telephone application process</li> <li>Can be used to pay past due balances</li> </ul>