



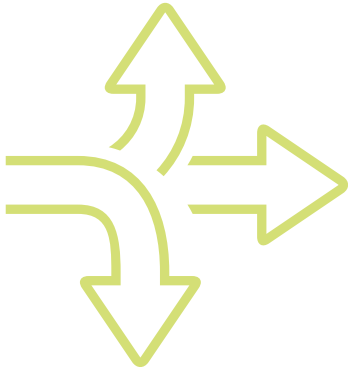
How To Shop Around

FOR THE BEST PRIVATE STUDENT LOAN



If you have to take out student loans, it's important to shop around and compare a variety of options to find the student loan best suited to your needs.

THERE ARE **TWO MAIN TYPES** OF STUDENT LOANS:



Federal Student Loans:

For most borrowers, federal student loans will be the best option. They offer a low, fixed interest rate set by the federal government and taxpayer subsidized benefits.

Private Student Loans:

Can also be a good option for borrowers, especially those for whom federal loans don't cover the full cost of school. Offered by private lenders, private student loans may allow you to borrow more money than federal loans, but often have higher interest rates. However, if you have very good credit and a cosigner, you might qualify for a private student loan that offers an interest rate lower than the federal interest rate.

UNDERSTANDING PRIVATE STUDENT LOANS

They are credit-based.

The lender will review your creditworthiness—your ability and willingness to repay—before making the loan.

The interest rate offered will be based on you.

How you've managed your credit (money you've borrowed and repaid) in the past and what loan terms and options you choose will all be considered.

Interest terms differ from federal loans.

Unlike federal loans, most private student loans offer variable interest rates – which means your monthly loan payment amount can change over time. In addition, private student loan interest begins accruing from day one, and in some cases, you might be required to make interest payments while you're still in school.

You have options.

Most private student loans are taken out by the student (usually with a creditworthy cosigner), but some private student loans can also be taken out by a parent or creditworthy individual, such as a legal guardian, or relative.

You can choose different ways to pay.

Some private student loans offer different repayment options (including making payments while in school) which can help reduce your interest rate and total loan cost over time.

They are ineligible for income-driven repayment plans and federal loan forgiveness programs.

Most private student loans offer financial hardship options like deferment or forbearance, but do not offer income-based repayment plans or loan forgiveness. That's because the income-driven repayment and loan forgiveness plans offered via federal student loans are heavily subsidized by taxpayer dollars, which are not available to private loans.



How To Apply

FOR A PRIVATE STUDENT LOAN



Shop around.

Start with your college's financial aid office – they may have suggestions or a lender list to get you started. Make a chart comparing what each lender has to offer in terms of fees, interest rates, and repayment options.



Read the footnotes.

Make sure to read the terms and conditions. Add these details into your comparison chart to help you identify the similarities and differences between different private student loans to help inform your decision.



Don't borrow more than you need.

Most lenders require the school to approve or certify your private student loan amount to help you avoid borrowing more than you need. That's a smart idea. Borrow only for the cost of tuition and related expenses so that your payments are manageable when you finish school.



Consider a cosigner.

If you're an undergraduate or a student without a steady income or credit history, having a parent or other creditworthy individual cosign the private student loan with you may give you a better interest rate and chance of approval.



Think it through before you commit.

Ask a counselor in your school's financial aid office, or an adult you trust, to help you learn more about student loans, plan how much you need to borrow and consider what repayment will look like once school is over.

REMEMBER: STUDENT LOANS ARE A COMMITMENT

Thinking about your financial future can feel overwhelming, but fully understanding your loan options now and planning for loan repayment can make it much more manageable in the future. Student loans must be repaid in the future. Make sure you're thinking about whether the degree you will have when you graduate will allow you to earn enough income to make monthly student loan payments and reach your other financial goals.

Dedicate time to take a deep dive into how student loans work. Understand the pros and cons of each loan option before committing to any student loan.

Spend some time using the payment calculators most lenders offer to ensure you know the full amount you plan to borrow to finance your education, how long it will take to repay that amount and what your monthly student loan payments will be when you begin repaying your student loans. Keep in mind that any late or missed student loan payments will affect your credit ratings (and the credit rating of your co-signer), so don't take on more debt than you will be able to afford.

Student loans are a financial commitment – just like a mortgage or credit card. Regardless of whether you actually graduate from school or not, you will still need to repay your student loans. Be a smart loan consumer now, before you commit to any loan.