Understanding Private Education Loan Documents

Lenders provide up to four disclosures to help borrowers understand key features of their private education loan (e.g., interest rate, fees, and long term cost*). Use these sample disclosures to become familiar with the content so you can make an informed decision.

Title:
Application and Solicitation Disclosure

Timing:
This form is sent to the borrower once the application is initiated or an offer of credit is extended.

Key Info:
- General information such as interest rates, fees, and terms
- States possible eligibility for lower-cost federal student loans

Navigate the Form
1. Name of document
2. The lender’s contact information
3. Indicates the potential interest rate range and explains how the rate is calculated
4. Explains the fees associated with the loan
5. Estimates total cost using various repayment options
6. Information about federal student loan options

* Interest rates, fees, and loan costs cited in the pages of this document are only examples. Be sure to check with each lender for terms specific to their loan programs.
Title: Loan Approval Disclosure

Timing: This form is provided by the lender when the loan request is approved.

Key Info:
- Specific information about the interest rate, fees and terms for the loan that has been approved
- Estimates of total loan costs based on both the current interest rate and the maximum interest rate
- The monthly payment amount based on the maximum rate of interest
- The deadline for accepting the loan based on the required 30-day period following the date the loan was approved

Navigate the Form
1. Summary of the loan rates and estimated costs
2. Information about the interest rate
3. Fee detail
4. Estimated repayment information and loan terms
5. Last date to accept loan offer with these terms
6. Who to contact if borrower wants to accept loan offer

### Loan Rates & Estimated Total Costs

<table>
<thead>
<tr>
<th>Loan Rates &amp; Estimated Total Costs</th>
<th>Total Loan Amount</th>
<th>Interest Rate</th>
<th>Fee Amount</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000.00</td>
<td>7.375%</td>
<td>$725.00</td>
<td>$10,725.00</td>
<td>$10,725.00</td>
</tr>
</tbody>
</table>

### Estimated Repayment Schedule & Terms

<table>
<thead>
<tr>
<th>Repayment Schedule</th>
<th>Terms</th>
<th>Period</th>
<th>Amount</th>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 MONTHS</td>
<td>at 2.5%</td>
<td>Month 1</td>
<td>$110.97</td>
<td>Month 2</td>
<td>$110.97</td>
</tr>
<tr>
<td></td>
<td>at 2.5%</td>
<td>Month 3</td>
<td>$110.97</td>
<td>Month 4</td>
<td>$110.97</td>
</tr>
</tbody>
</table>

### Federal Loan Alternatives

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Loan Program</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins Loan</td>
<td>Unsubsidized</td>
<td>6.80%</td>
</tr>
<tr>
<td>Direct Loan</td>
<td>Subsidized</td>
<td>4.75%</td>
</tr>
</tbody>
</table>

### Next Steps & Terms of Acceptance

1. Review the loan rates and estimated costs.
2. Contact the lender to accept the loan offer.
3. Accept the loan offer by signing a promissory note.

### References Notes

- **APR Calculation:**
  - APR is the annualized cost of credit to the borrower, reflecting the total cost of the loan over its term.
  - APR includes interest, points, and other fees.
  - APR is calculated using the loan amount, interest rate, loan term, and other factors.

- **Other Loan Options:**
  - Consider other loan programs that may offer lower interest rates or more flexible terms.
  - Review the loan terms and conditions carefully before accepting.

- **Loan Repayment:**
  - Although the loan must be repaid in full, some lenders offer forbearance or deferment options under certain circumstances.
  - Contact your lender for more information on loan repayment options.

- **Additional Terms:**
  - This form is intended to provide a comprehensive overview of the loan terms and conditions.
  - Ensure you understand all aspects of the loan before accepting.

This information is subject to change and should be reviewed with your financial advisor or lender.
Understanding Private Education Loan Documents

Title: Self-Certification

Timing: This form is obtained through the school or the lender and must be completed before funds for the loan can be disbursed.

Key Info:
- Borrower contact data
- Enrollment period for loan
- Borrower signature

Navigate the Form
1. Information about other loan options
2. Required financial data
3. Application and school information

Title: Final Disclosure

Timing: This form is provided after the borrower accepts the loan.

Key Info:
- Repayment terms and updated total loan costs including interest rate, fees, and late payment
- Relays three day right-to-cancel period
- Prohibits disbursement of loan funds before the three day period has expired

Navigate the Form
1. Instructions about canceling the loan transactions
2. Cost disclosure
3. Fee details
4. Repayment terms