

# PRIVATE EDUCATION LOAN



University of Northern Iowa  
Office of Financial Aid & Scholarships

The Office of Financial Aid & Scholarships is committed to helping students better understand private education loans and the difference between federal and private loans. We have created this educational piece so that students and their families may become more knowledgeable about student loans.

## FOR YOUR CONSIDERATION

Consider the following when taking a Private Education Loan:

- Cosigner release
- Fixed or variable interest rate
- Origination fee
- Repayment length
- Interest payment while in school
- Refinancing
- Death and disability benefits

## PRIVATE LOAN PROCESS

Once the student has applied and been approved for a private education loan, they must complete counseling with the Office of Financial Aid & Scholarships. The loan will be certified once counseling is complete.

Students are required to accept all Federal Direct Subsidized and Unsubsidized loans. No private education loan will be certified until all the student's Federal Direct Loan eligibility has been exhausted.

**Please note, private education loans take between 8-10 business days to disburse after certification of the loan.**

## REPAYMENT

The purpose of this loan repayment chart is to help students (and/or cosigners) better estimate how much they would pay back over time. Remember this is just an estimate as the interest rate, repayment period, and other loan factors may vary for each individual. Please contact the loan lender for specific repayment options that are available to the student (and/or cosigner).

Below is an example of student loan repayment:  
Interest Rate - 7.2%

TOTAL AMOUNT BORROWED	REPAYMENT PERIOD	TOTAL PAID
\$5,000	12.8 Years	\$7,658
\$10,000	15 Years	\$16,381
\$15,000	15 Years	\$24,570
\$20,000	15 Years	\$32,761

As a borrower of a private education loan, the student will have two monthly payments; one for their federal loans (subsidized and/or unsubsidized) and one for their private education loan. Private education loans and federal loans cannot be consolidated.

The Federal Student Aid website offers a loan simulator tool to help borrowers understand different repayment plans and how much interest would be paid over time: [studentaid.gov/loan-simulator](https://studentaid.gov/loan-simulator).

## FEDERAL LOAN REPAYMENT PLANS

### Time Driven Repayment Plans

- Standard
- Extended
- Graduated

### Income Driven Repayment Plans

- Pay As You Earn (PAYE)
- Income-Based (IBR)
- Income Contingent (ICR)
- REPAYE

Visit [studentaid.gov/manage-loans/repayment/plans](https://studentaid.gov/manage-loans/repayment/plans) for more information.

## DEFERMENT AND FORBEARANCE

Deferment and forbearance are available to borrowers who are struggling to make payments towards their loans and/or meet other qualifying terms. Any unpaid interest that accrues during these periods of non-payment will capitalize at the end of the period.

While both options will put payments on hold, you will not be making any progress towards paying your loans back. Switching to an Income Driven Repayment Plan with more affordable payments may be a better option. However, [deferment](#) and [forbearance](#) are both better options rather than becoming delinquent or defaulting on your student loans.

Please review the qualifications and pros/cons on the Federal Student Aid website: [Explore Student Loan Deferment and Forbearance](#).

## DELINQUENCY AND DEFAULT

Under the Federal Student Loan Program, a loan becomes delinquent the first day after a payment is missed. The delinquency will continue until all payments are made to bring the loan current.

If a loan is delinquent for more than 270 days, it goes into default. Loan servicers report all delinquencies of at least 90 days and defaulted loans to the three major credit bureaus.

Some of the consequences of default include:

- The entire unpaid balance of the loan and any interest is immediately due and payable.
- No longer eligible for deferment, forbearance, or repayment plans.
- No longer eligible for additional federal student aid.
- The loan is reported as delinquent to credit bureaus, damaging the borrower's credit rating.
- Federal and state taxes may be withheld through a tax offset.
- The employer (at the request of the federal government) can withhold money from their pay and send the money to the government through a process called wage garnishment.

## ACADEMIC EXPENSES ☐ TERM ☐ YEAR

Tuition & Fees: \$  + Books & Supplies: \$  = \$

ON CAMPUS → Room & Board

OFF CAMPUS ↓

Rent: \$  + Utilities: \$  +  
Food: \$  + Cell Phone: \$  +  
Gas: \$  + Other: \$  +

X

ACADEMIC + LIVING =  
**TOTAL EXPENSES**

\$

+

\$

+

\$

=

\$

## FINANCIAL AID

Cost of Attendance (COA) is: \$

I currently have this much financial aid (FA): →

The maximum I can borrow is (COA – FA =): \$

\$

**ACADEMIC EXPENSES + LIVING EXPENSES – FINANCIAL AID =  
RECOMMENDED AMOUNT TO BORROW**

\$

My Current U-Bill is: \$

I have already borrowed:

Federal Loans: \$

Private Loans: \$

**TOTAL:** \$

Visit [studentaid.gov](http://studentaid.gov) and log in with your FSA ID

## MY FEDERAL LOAN SERVICER IS:



☐ **Nelnet**  
[nelnet.com/welcome](http://nelnet.com/welcome)  
(888) 486-4722



☐ **Great Lakes**  
[mygreatlakes.org](http://mygreatlakes.org)  
(800) 236-4300



☐ **OSLA**  
[public.osla.org](http://public.osla.org)  
(866) 264-9762



☐ **Aidvantage**  
[aidvantage.com](http://aidvantage.com)  
(800) 722-1300



☐ **EdFinancial**  
[edfinancial.com](http://edfinancial.com)  
(800) 337-6884



☐ **Mohela**  
[mohela.com](http://mohela.com)  
(888) 866-4352

☐ **Other:**

**PLC:** \_\_\_\_\_ Aid Year

Name: \_\_\_\_\_

ID#: \_\_\_\_\_

Date: \_\_\_\_\_

## APPLICATION NOTES:

Lender: \_\_\_\_\_

Amt Requested: \_\_\_\_\_

Term/Year: \_\_\_\_\_

## CERTIFICATION NOTES:

Interest Rate: \_\_\_\_\_

☐ Fixed or ☐ Variable

Amt to Certify: \_\_\_\_\_

Term/Year: \_\_\_\_\_

## OTHER NOTES:

**Remember to complete  
the University Scholarship  
Application Every Year!**