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## PRIVATE/ALTERNATIVE LOANS

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### WHAT ARE PRIVATE LOANS?

Private loans (sometimes referred to as alternative or supplemental loans) are funds from private lenders to help cover educational costs. A student may want to consider a private loan when federal financial aid is not enough to cover the student's estimated cost of attendance (COA). Before you apply for a private loan, be sure to check with the Office of Student Financial Aid (OSFA) to ensure you have maximized your federal loan eligibility first. Federal loans are usually less expensive and have more favorable repayment terms than private loans.

### HOW DO I QUALIFY FOR A PRIVATE LOAN?

Each lender has specific criteria you must meet to qualify for a loan. Most lenders will offer lower interest rates if you apply with a cosigner and some lenders require a cosigner. Most applications will require a credit check of the borrower and /or cosigner. Interest rates vary by lender and may be dependent on a number of factors, including the credit check. In addition, KU may be asked to certify that you are meeting Satisfactory Academic Progress (SAP) standards and that you have not exceeded your estimated COA. Please visit [www.financialaid.ku.edu/eligibility/sap.shtml](http://www.financialaid.ku.edu/eligibility/sap.shtml) for more information about SAP.

### WHAT IS COST OF ATTENDANCE (COA)?

Your estimated COA is a standardized estimate of what it will cost you to attend KU for the academic year. The Office of Student Financial Aid conducts research to determine the cost of living for students in the Lawrence area. The estimated COA is comprised of the following components: tuition/fees, room/board, books, transportation and miscellaneous expenses. The COA also includes charges such as non-resident tuition and special fees for programs such as engineering, law, and pharmacy. Your financial aid package (including private loans) cannot exceed your estimated COA. Please visit [www.financialaid.ku.edu/process/coa.shtml](http://www.financialaid.ku.edu/process/coa.shtml) for your estimated COA figures and additional COA information.

### HOW DO I KNOW WHICH PRIVATE LOAN IS RIGHT FOR ME?

There are many things to consider when choosing a lender. Be sure to ask the following questions:

- What are the loan fees?
- What is the interest rate?
- When do I have to start repaying the loan?
- Do I have to be meeting Satisfactory Academic Progress Standards?
- How many hours do I have to be enrolled in to receive the loan?
- What repayment options are available?

### DOES KU OFFER ANY PRIVATE LOANS?

The KU Endowment Association loan program provides modest loan amounts to students who have at least a cumulative 2.0 KU GPA. New graduate students and new transfer students must have at least a cumulative 2.5 GPA to be eligible. You are not required to complete a Free Application for Federal Student Aid (FAFSA) to be eligible for this loan; however, a parent cosigner is required. Applications are available online at [www.kuendowment.org](http://www.kuendowment.org).

### HOW CAN I GET ADDITIONAL INFORMATION ABOUT PRIVATE LOANS?

Many lenders offer private loans. Private loans are not the same as Federal Stafford loans and many lenders who offer private loans also offer Federal Stafford loans. If you have already received Federal Stafford loans at KU, you should not apply for Federal Stafford loans through another lender. If you have not yet borrowed Federal Stafford loans, we encourage you to explore that option before proceeding with a private/alternative loan. If you have any questions about your Federal Stafford loan eligibility, please contact the OSFA. Please see the Private/Alternative Loans Comparison Chart on the next page for more information about private lenders. The information provided was gathered from a Request for Information (RFI) the OSFA sent to all lenders who had provided loans to KU students in the 2008-09 academic year.



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## PRIVATE/ALTERNATIVE LOANS COMPARISON CHART

In the Spring of 2009, the OSFA sent a Request for Information (RFI) to all private loan lenders who had provided loans to KU students in the 2008-09 academic year. The RFI contained questions regarding the lenders' private loan programs, including interest rates, loan fees, borrower benefits, and repayment terms. We carefully evaluated the responses received and used a quantitative method to score the answers. Listed below are the five private loan lenders who scored the highest in terms of their responses to our questions. We encourage you to research private loan lenders and select the one that best fits your needs. You are not required to borrow from a lender on this list and we recommend you not complete a loan application until you have selected your lender. You will be notified if KU is unable to certify the loan you selected or if you have already reached your maximum eligibility. The following information is accurate as of April 2009. Interest rates, loan fees, borrower benefits and other elements of private loan programs may frequently change. This comparison chart is intended to be a guide. For the most accurate and current information, please contact your lender. If you have not yet borrowed Federal Stafford or Federal PLUS loans, we encourage you to explore those options before proceeding with a private/alternative loan. If you have questions about your federal loan eligibility, please contact the OSFA.

### Educational Student Loans:

Lender Name	Website	Phone Number	Loan Fees	Interest Rates	Must Meet SAP?	Must Be Degree Seeking?	Available for Less than Half-Time?
Chase	<a href="http://www.ChaseSelectLoans.com">www.ChaseSelectLoans.com</a>	866-306-0868	Zero	LIBOR(3 mo)+4.40% to LIBOR(3 mo)+9.75% Actual Current Rates: 4.7% to 10.05%	Yes	Yes	Yes
Discover Student Loans	<a href="http://www.DiscoverStudentLoans.com">www.DiscoverStudentLoans.com</a>	877-728-3030	Zero	Prime +1% to Prime +7.75% Actual Current Rates: 4.25% to 11%	Yes	Yes	Yes, but enters repayment immediately
Sallie Mae	<a href="http://www.salliemae.com/smartoption">www.salliemae.com/smartoption</a>	800-695-3317	0-3% Disbursement Fee, capitalized (added to loan principal)	LIBOR(1 mo)+4% to LIBOR(1 mo)+12.5% Actual Current Rates: 4.25% to 12.75% Note: interest payments required while in school	No	No	In certain circumstances
U.S. Bank	<a href="http://www.usbank.com/nofeeapp">www.usbank.com/nofeeapp</a>	800-233-7824	Zero	Prime+1.95% to Prime+8.95% Actual Current Rates: 5.2% to 12.2%	Yes	No	Yes, but enters repayment within six months of final disbursement
Wells Fargo	<a href="http://www.wellsfargo.com/student">www.wellsfargo.com/student</a>	800-658-3567	Zero	Prime*+1.0% to Prime*+7.99% *minimum of 3.25% Actual Current Rates: 4.25% to 11.24%	No	No	Yes

### Bar Exam Loans:

Lender Name	Website	Phone Number	Loan Fees	Interest Rates
Sallie Mae	<a href="http://www.salliemae.com/barstudy">www.salliemae.com/barstudy</a>	800-695-3317	Zero to 5%	LIBOR(1 mo)+5% to LIBOR(1 mo)+13%; Actual Current Rates: 5.25% to 13.25%
U.S. Bank	<a href="http://www.usbank.com/barreviewapp">www.usbank.com/barreviewapp</a>	800-233-7824	4% or 9%	Prime+0%; Current Actual Rate: 3.25%
Wells Fargo	<a href="http://www.wellsfargo.com/student">www.wellsfargo.com/student</a>	800-658-3567	Zero	Prime*+4.5%, *minimum of 3.25%; Actual Current Rate: 7.75%

Note: LIBOR and Prime are indexes utilized by lending institutions to determine interest rates. For more information about these indexes and how they are determined, please contact your lender.

The OSFA is providing the above information as a courtesy. Outside of maintaining the OSFA website, the OSFA does not promote, validate, or maintain the websites listed. URL addresses and website contents frequently change. The URL addresses listed were accessible as of October 2009. A website appearing here does not necessarily imply that the University of Kansas or the OSFA agrees with the material contained on or linked to the websites. 10/30/09 jcb