Private Loan
Truth in Lending Disclosure

____________________________
Student Name

____________________________
Washburn ID

Private Loan Basics

Private loans are non-federal loans. You should always exhaust all federal student loan borrowing and only borrow private loans to fund your education as a last resort. You can apply for federal financial aid at www.fafsa.ed.gov.

Federal student loans typically have better terms:

- Fixed interest rate
- More flexible repayment terms
- Repayment incentives
- Forbearance/deferment options

If you have used all of your federal loan eligibility and find that you still need a private loan to pay your remaining educational costs, please be sure to thoroughly investigate your options before selecting a lender.

Private loans differ from lender to lender, so be sure to look at each institution’s terms and conditions prior to choosing a loan. The following information will provide you with general information about private loans, but be sure to obtain specific information from the loan lender and understand your responsibility for repaying the loan prior to signing a loan application.

Choosing a Cosigner

Since private loans are credit-based, you may need a cosigner to qualify. A cosigner is a person who agrees to assume responsibility for repaying your private student loan if you fail to repay. Having a cosigner can also ensure a better interest rate for the loan depending on their credit history.

Make a Budget and Borrow Conservatively

You will have to repay your private loan, so borrow only what you need to pay for school. You will want to make a budget you can afford and stick to it. This will keep you from accumulating large debts and help you manage your loan payments.

Contact the Financial Aid Office to discuss the maximum amount you may request in the private loan as there are annual limits to the amount of financial aid you can receive. The Financial Aid Office can also help you create a budget for your educational expenses and review your federal aid eligibility prior to certifying your private loan.

You also want to budget for repayment. Total the amount you have borrowed in all of your student loans. For your federal student loans, you can use the Repayment Calculator at www.studentloans.gov to estimate your monthly repayment. Private lenders will often have a sample repayment schedule on their website. Do not borrow more than you can repay!

Your Rights as a Borrower

You have the right to:

- Cancel your loan (prior to disbursement).
- Obtain a copy of your Promissory Note; this is a legal agreement to repay your loan under the terms stated.
- A notification from your lender if your loan is sold or transferred to another organization.
- A repayment schedule, you should receive this information before your first loan payment is due.

Your Responsibilities as a Borrower

You are responsible for:

- Repaying the loan as agreed even if you do not complete your education or are unable to find employment upon graduation.
- Repaying the loan even if a bill is not sent; failure to receive a bill does not relieve you of the obligation to repay your loans on schedule.

Generally, federal and private loans are not cancelled or discharged due to bankruptcy.
You must notify your lender or servicer if you:
- Change your name, address, and/or phone number
- You drop below half-time enrollment (depending on lender’s terms)
- You transfer to a different school
- You are unable to meet the terms of repayment

Disclosure

Private loan lenders must disclose your loan’s costs and monthly payments to you three times:
- When you apply
- When they approve you for the loan if they adjusted costs based on your credit history
- When the money is disbursed

Be sure to review each notice closely, and ask the lender if you have questions.

Repayment

Below is a chart of example monthly payment amounts at varying interest rates, based on a 15-year repayment plan. Many private loan lenders require payments of at least $50.

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<th>Amount Borrowed</th>
<th>6% Interest</th>
<th>8% Interest</th>
<th>10% Interest</th>
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Delinquency and Default

If you fail to make payments, your loan is delinquent. If you fail to make payments for a specified period of time per your loan terms, your loan is in default. Defaulting on a private student loan can result in consequences for you and your cosigner (if applicable):
- Damage to your credit score which could impact your ability to borrow
- Referral of your account to a collections agency
- Collection costs
- Civil lawsuit, including court costs and legal expenses

Washburn University does not endorse any one private loan lender over another. Students must research and select a lender independently of WU.

Student Certification

By signing this form, I certify that I have read the information regarding private student loans and understand the benefits of applying for federal student loans but am requesting the WU Financial Aid Office to process the requested private loan for the 20___ - 20___ academic year.

________________________________________________________________________
Student Signature

________________________________________________________________________
Date

$ ______________________________________
Requested Loan Amount