



## Edward Via College of Osteopathic Medicine (VCOM)

### PRIVATE STUDENT LOAN CHECKLIST

<input type="checkbox"/>	<p><b><u>FEDERAL STUDENT LOANS FIRST</u></b></p> <p>It is strongly in your interest to consider Federal Student Loans before considering private education loans. Federal Direct Unsubsidized Loans are typically less costly, with lower loan interest, and have more favorable repayment options. They also offer deferment options while enrolled at least half-time and forbearance options in times of hardship or during residency. See the US Department of Education's publications: <a href="https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized">https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized</a></p>
<input type="checkbox"/>	<p><b><u>APPLY FOR ONLY WHAT YOU NEED</u></b></p> <p>Private education loans, because of generally more expensive interest rates, should be used with caution. <b><i>We strongly recommend that you should borrow only what you need to cover education costs.</i></b> While private education loans allow for borrowing the difference between cost of attendance less any financial assistance, you may not need that much for your costs. We recommend you pay strict attention to all aspects of any private education loan you consider, and to be intentional about planning for and deciding how much you need to borrow to reduce indebtedness.</p>
<input type="checkbox"/>	<p><b><u>UNDERSTAND ALL FINANCIAL IMPLICATIONS</u></b></p> <p>Private student loans are any student loans that are not federal student loans. These loans are not the same as federal student loans. They do not have the same flexible repayment terms or the full range of borrower protections as federal student loans. Private student loans are not funded or subsidized by the federal government. Some have variable interest rates, meaning your payments can change and increase over time as your interest rates change. Private loans may or may not have forbearance options that allow you to reduce or postpone your payments.</p>
<input type="checkbox"/>	<p><b><u>UNDERSTAND THE INTEREST RATE</u></b></p> <p>Private education loan interest rates are based on either of two major interest rate indexes, LIBOR, or PRIME:</p> <ul style="list-style-type: none"> <li>• <b>LIBOR</b> is an acronym for the <i>London Interbank Offered Rate</i>. It is a variable rate index based on the average interest rate paid on deposits of US dollars in the London market. Private education loan interest rates are typically based on either the 1-month or 3-month LIBOR.</li> <li>• <b>PRIME RATE</b> refers to the <i>Prime Lending Rate</i>. It is the interest rate that a bank charges its most credit-worthy customers. It is largely based on the federal funds rate, which is the overnight rate that banks charge others for lending.</li> </ul> <p>Lenders typically use either of these indexes as the base for the interest rate and add points to set-up interest rates tiers according to credit worthiness. Private education loans interest rates are almost all variable and, therefore, may change over the course of a specific year and within the life of the loan. See the Consumer Financial Protection Bureau's guidance about APR: <a href="http://www.consumerfinance.gov/askcfpb/45/what-is-the-difference-between-a-fixed-apr-and-a-variable-apr.html">http://www.consumerfinance.gov/askcfpb/45/what-is-the-difference-between-a-fixed-apr-and-a-variable-apr.html</a>.</p>
<input type="checkbox"/>	<p><b><u>KNOW YOUR LOAN AND CREDIT HISTORY</u></b></p> <p>Private education loans are credit-based loans. The decision by the lender will be based on the credit history of the applicant or co-applicant(s), as pertinent. You can obtain a free copy of your credit report once annually from one of the three credit reporting agencies. For more information: <a href="https://www.annualcreditreport.com/index.action">https://www.annualcreditreport.com/index.action</a>. You can also access complete data on your federal student loan history from the National Student Loan Data System (NSLDS): <a href="https://studentaid.gov">https://studentaid.gov</a>. Data on federal student loans are reported to credit reporting agencies. Maintaining a good repayment history is integral to protecting your credit worthiness.</p>
<input type="checkbox"/>	<p><b><u>CALCULATORS</u></b></p> <p>There are many calculators available online from lenders and non-profit and community-based organizations to help you calculate fees and interest over the life of a loan. Listed below are a few examples:</p> <ul style="list-style-type: none"> <li>• <i>Bankrate.com</i>: <a href="http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx">http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx</a></li> <li>• <i>Nerdwallet</i>: <a href="https://www.nerdwallet.com/student-loans/learn/student-loan-calculator">https://www.nerdwallet.com/student-loans/learn/student-loan-calculator</a></li> </ul>
<input type="checkbox"/>	<p><b><u>VCOM RECOMENDATIONS</u></b></p> <p>VCOM does not maintain a preferred lender list, however we have compiled suggested lenders, and will certify any loan for which financial aid certification is required. Students are <b><i>NOT</i></b> required to choose a lender from VCOM's compiled suggested lenders.</p> <ul style="list-style-type: none"> <li>• You may want to check to see if the lender processes loans through ELM. ELM is a private loan certification program where the Financial Aid Office can certify private loans, and the funds can be received by the school electronically.</li> <li>• If the lender is not set up in the ELM system, the school can still certify your loan.</li> <li>• This link will take you to VCOM's suggested lenders: <a href="https://www.vcom.edu/admissions/do-program-tuition-and-fees/financial-aid-process#:~:text=Step%204%3A%20Apply%20for%20a%20Private%20(Education)%20Loan">https://www.vcom.edu/admissions/do-program-tuition-and-fees/financial-aid-process#:~:text=Step%204%3A%20Apply%20for%20a%20Private%20(Education)%20Loan</a></li> </ul>

<input type="checkbox"/>	<p><b><u>INFORMATION TO CONSIDER WHEN SELECTING A LENDER</u></b></p> <p>We advise you to compare various loan options such as interest rates and loan repayment terms, which will vary from lender to lender. We suggest you apply to at least 3 private lenders. Borrowers are not required to accept a loan offer just because a lender has approved you. In fact, you can “shop” rates from different lenders if you apply for student loans with multiple lenders within a 14-day window. This means multiple applications for student loans within the window of time are treated as a single inquiry, lessening multiple hard inquiries from being reported which could cause a more significant temporary dip in your credit score.</p>
<input type="checkbox"/>	<p><b><u>1. What are the credit requirements?</u></b></p> <p>Private loan credit requirements generally necessitate a "good" credit score, typically 670 or higher, though many lenders accept "fair" credit (580-669) or lower with a qualified co-signer. Lenders also review payment history, low debt-to-income (DTI) ratios, and established credit history to determine eligibility and interest rates. If your credit is poor or nonexistent, adding a co-signer with good credit significantly increases approval chances.</p>
<input type="checkbox"/>	<p><b><u>2. How long is your credit good for? Is there a multi-year approval?</u></b></p> <p>You may need more loans during the year. Conversely, you may find yourself regretting taking out so much early on to avoid being short on funds. If your loan offered your credit check to be valid for the entire academic year, then you could hold off borrowing a full amount at first and request more later in the year without penalty to your credit. Some lenders offer the ability for a borrower to apply one time and be approved for multiple years of their education. Read the terms/conditions of any such option.</p>
<input type="checkbox"/>	<p><b><u>3. Does the lender have a loan limit (either for each year you borrow or for the total amount borrowed while at VCOM)?</u></b></p> <p>Private student loans are usually limited to your school's certified cost of attendance (COA) minus all financial aid you receive. Private lenders set maximum loan limits for private student loans, typically dictated by the applicant's credit score, income, and debt-to-income ratio. Make sure you can borrow from the same lender for four years, rather than adding a second private lender (with resulting separate payments each month) to your loan portfolio.</p>
<input type="checkbox"/>	<p><b><u>4. Are loan fees assessed?</u></b></p> <p>Potential costs include application fees, origination fees, disbursement fees, repayment fees, late fees, insufficient funds fees, and, rarely, prepayment penalties.</p>
<input type="checkbox"/>	<p><b><u>5. Is the loan designated for medical students? Do they offer any special benefits for medical students?</u></b></p> <p>Loan products designed specifically for medical students often offer a suite of benefits that may best meet your needs. Do they have autopay interest reduction, the ability to make penalty-free late payments, repayment counseling, etc.</p>
<input type="checkbox"/>	<p><b><u>6. What is the interest rate? Is it fixed or variable?</u></b></p> <p>With a fixed rate, you know that your rate will not change over the life of the loan and will have predictable payments. However, variable rates will fluctuate, and not always be in your favor, so they can be more expensive to you.</p>
<input type="checkbox"/>	<p><b><u>7. Will you need a co-signer? If so, what are the co-signer's requirements and expectations?</u></b></p> <p>In almost every situation, including a co-signer on your loan application will result in a lower interest rate on your loan. Check the co-signer requirements <i>and</i> protections given to the co-signer (e.g., can the co-signer be released from their legal obligation to pay the loan back if you do not, is this automatic or only after certain requirements, how it will impact their credit, etc.).</p>
<input type="checkbox"/>	<p><b><u>8. How long do I have to repay my loan?</u></b></p> <p>Repayment terms can make or break your ability to repay. Student loan lenders have different term lengths that can range from five to 20 years. Consider how many years you will have to repay the loan. A shorter term results in higher monthly payments but less total paid, while a longer term lowers monthly payments but increases the overall cost.</p>
<input type="checkbox"/>	<p><b><u>9. What repayment options are available? Do I have to make payments while I am still in school?</u></b></p> <p>Unlike federal loans, private loan protections are not guaranteed and vary by lender. Does the loan offer repayment terms you believe you can fulfill? Did they offer you a repayment estimate? Are there financial hardship protections available? Are there early repayment penalties? How long, if at all, will the lender allow you to defer payments, make interest-only payments, or have reduced payments while you are in school and during residency years? VCOM does not recommend making private student loan payment while in school, as the student does not have a source of income from working.</p>
<input type="checkbox"/>	<p><b><u>10. Does the lender offer a grace period through residency?</u></b></p> <p>Private loan grace periods for residency generally last six to nine months post-graduation, but private lenders, unlike federal, determine their own rules. Many private lenders offer specific residency deferment or forbearance in 12-month increments (up to 48-60 months), though interest continues to accrue during deferment and could capitalize after each deferment.</p>
<input type="checkbox"/>	<p><b><u>11. What are my refinancing options?</u></b></p> <p>Understanding whether your lender allows you to refinance your original loans with them, and what the process might look like, can help you take advantage of future opportunities. You can always decide to move your loans to a whole new lender if you decide to refinance if it helps you to lower your interest rate, reduces monthly payments or pays off your loan faster.</p>
<input type="checkbox"/>	<p><b><u>12. Does the lender you borrow from have a good reputation and service their own loans?</u></b></p> <p>If servicing changes, the lender will likely sell the loan to a separate servicing company who will track interest and collect payments in the future. To mitigate the total number of payments you will make monthly after medical school, it can be very helpful to borrow from the same lender year after year during medical school.</p>