



PRIVATE LOAN FREQUENTLY ASKED QUESTIONS AND TIPS

Frequently Asked Questions

1. What is a private loan?

A private loan is a loan borrowed through an outside lender (bank, credit union, etc.) rather than through federal funds (FAFSA).

2. Whose name is on the loan?

The student is considered the borrower on a private loan. A cosigner is generally needed due to lack of income and credit history. A cosigner need not be a parent or relative. **Cosigners are responsible if the student becomes delinquent while in repayment.**

3. How much can I apply for?

To avoid over borrowing, the student will not be approved for any funds which exceed EIU's cost of attendance for the aid year. This includes federal loans, grants, scholarships, private loans, etc.

4. How do I apply?

The student must apply through the lender website or by calling the lender. Completing the application online generally hastens this process. **The following website of accredited lenders may help narrow down your options. Please note this is only a partial list.** <http://www.finaid.org/loans/privatestudentloans.phtml>.

5. What happens once I apply?

The lender processes the application and determines if the application is approved or denied. If approved, the lender sends a certification request to the school to verify the amount requested does not exceed the cost of attendance. Once certified, the lender will send verification of the amount to the student for their review and signature. **The funds will be sent to the school approximately 10 business days after the student completes their required paperwork with the lender.** The school will then apply the funds to the student account (bill). Any remaining funds are then refunded to the student by student accounts on the next school disbursement date.

Eastern Illinois University

Office of Financial Aid

600 Lincoln Ave. Charleston, IL 61920

Email: finaid@eiu.edu

Telephone (217) 581-6405, fax (217) 581-6422

Please See Other Side For More Info



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Tips for choosing a lender

1. Make sure you are comfortable with the lender website/customer service.

2. Be sure to provide the lender with an email address you check regularly.

- This is the primary form of communication your lender will use.

3. Ask the lender if they have any enrollment requirements.

- Full time, part time, less than part time

4. Ask the lender what the repayment options are.

- Some lenders require in-school interest payments.

5. Ask the lender what the interest rate is.

- Fixed or variable rates

6. Ask the lender if there are any fees associated with the loan.

- Origination, Disbursement, Early Repayment

7. Ask the lender about cosigner responsibilities.

8. Ask the lender what the requirements are for cosigner eligibility.

9. Ask the lender if they offer cosigner release from the loan and if so, what the terms of their policy are.

10. Ask the lender what type of benefits they offer:

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| - Discharge due to Death or Disability | - Auto EFT benefits |
| - Making payments while in school | - Graduation benefits |
| - In school deferment or grace periods | - Private Loan Consolidation |

Note: Private Lenders may accept federal loans for consolidation, but Federal Servicers will not accept private loans.

11. Ask the lender if the loan can be used to pay off past due balances.

12. Ask the lender if non U.S. students are eligible.

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