



## PRIVATE EDUCATIONAL LOAN ENTRANCE COUNSELING

First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Student ID: \_\_\_\_\_ Class of: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone number: \_\_\_\_\_ E-mail address: \_\_\_\_\_

### Borrower Rights and Responsibilities

By initialing each item below, I indicate that I understand these general private educational loan borrower rights and responsibilities:

- \_\_\_ I understand that private educational student loans are borrowed money that must be repaid, with interest, just like car loans and home mortgages.
- \_\_\_ I understand that I cannot have my private educational student loans canceled/forgiven for any of the following: I didn't complete my program of study, didn't like the education I received, didn't get a job in my field of study or because I'm having financial difficulty.
- \_\_\_ I promise to pay under the terms and conditions of each promissory note I sign the total principal amount, interest on such principal amount, NSF fees, late fees, and any other fees, charges, and/or costs agreed upon in my promissory note.
- \_\_\_ I understand that repayment terms are specific to the terms and conditions identified on my signed promissory note and should consult such note and/or contact my lender for specific repayment amounts and options.
- \_\_\_ I reviewed the monthly payment estimates provided by the Student Financial Aid Office, and determined a monthly payment amount I will be responsible for upon graduation based on my projected borrowing needs.
- \_\_\_ I understand that I must notify my lender within ten (10) days of any changes to my name, address, or school enrollment status.
- \_\_\_ I understand that my lender may report information about my account to credit bureaus, such as late payments, missed payments or other defaults on my account.
- \_\_\_ I understand that any funds disbursed to me from my private educational student loans must be used to pay educationally related expenses only (e.g. tuition, fees, books and supplies, room and board, and transportation).
- \_\_\_ I understand that it is my sole responsibility to make all required payments to my loan holder, regardless of receipt, or lack of receipt, of a payment notice, coupon booklet, or other such notification.
- \_\_\_ I understand that if I become delinquent on a payment required by my lender, under a current and/or previous promissory note, and am expecting a subsequent disbursement, that such disbursement may be held due to the aforementioned delinquency.

Further, by signing below, I acknowledge that I have a private educational loan(s) that must be repaid in accordance with the specified terms and conditions outlined in my signed promissory note.

Student Signature \_\_\_\_\_ Date: \_\_\_\_\_



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It is very important that you make your loan payments on time. If you are having trouble making your monthly payment, you should immediately contact your loan holder or loan servicer.

**Lender Name:** \_\_\_\_\_

**Lender Phone Number:** \_\_\_\_\_

**Lender web site:** \_\_\_\_\_

You've made a commitment to yourself and your future. Be a responsible borrower -- you don't want to default on your student loan. Default is the failure to repay your loan according to the terms of the promissory note.

**Loan default has serious consequences:**

- Your entire loan balance (principal and interest) may be due in full immediately.
- You may lose eligibility for loan deferment/forbearance.
- Your account may be turned over to a collection agency and you'll have to pay additional charges, late fees and collection costs, all of which become part of your debt.
- Your credit rating will be damaged for several years because defaulted loans are reported to national credit bureaus.
- You'll have difficulty qualifying for credit cards, a car loan, a mortgage, or renting an apartment (credit checks are required to rent an apartment).
- You can be sued for the entire amount of the loan.

**If you find yourself delinquent on your private educational loan(s), contact your loan holder or the school immediately for assistance.**

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## Helpful Educational Loan Definitions

- **Capitalization** increases your loan principal balance and you will then have to pay interest on the increased loan principal amount. If you allow interest to be capitalized, the total amount you repay over the life of your loan will be greater than if you paid the interest as it accrued.
- **Consolidation** is a process by which you combine multiple loans into one loan. These loans may reduce your monthly payment, extended your repayment term, and change your interest rate.
- A **deferral** is a period of time in which your repayment obligation to your loan holder may cease.
- **Disbursement** is the process by which loan funds are applied directly to your student account.
- A **forbearance** is a period of time in which your repayment obligation to your loan holder may be reduced.
- **Grace period** is the specified period after you graduate, leave school, or drop below half-time enrollment during which you may not be required to make payments or may only be required to make minimal payments. The repayment period begins at the end of the grace period. PLUS loans do not have a grace period.
- **Interest** is a charge for using borrowed money. Everyone has to pay interest no matter what type of loan they have; education loans are no different.
- **Lender** is the organization that made the loan initially; the lender could be a bank, credit union, or other lending institution.
- **Loan** is the money borrowed from a lending institution that must be repaid.
- **Loan Default** is the failure to repay a loan according to the terms agreed to.
- **Loan Holder** is an entity that holds your loan promissory note and has the right to collect from you. Many banks sell loans, so the initial lender and the current holder could be different.
- **Loan Servicer** is an organization that handles billing and performs other loan servicing functions on behalf of the lender.
- **NSF Fees** are non-sufficient funds fees a loan holder may assess you if your payment is not able to be cashed due to the unavailability of funds.
- An **Origination Fee** is fee charged by the lender at the time the loan is originated, and is deducted from the proceeds prior to disbursement to the institution.
- **Promissory Note** is a binding legal document that you signed before receiving your educational loans and by which you agreed to repay your loan(s).

This also contains a Borrower's Rights and Responsibilities statement that explains the terms and conditions of the loans you received. It is very important to read and save this document because you'll need to refer to it later when you begin repaying your loan.

- A **repayment incentive** is a benefit that is offered to encourage you to repay your loans on time. Under a repayment incentive program, the interest rate charged on your loans may be reduced. Some repayment incentive programs require that you make a certain number of payments on time to keep the benefits of the repayment incentive.
- A **repayment schedule** is a disclosure that provides you, as the borrower, a monthly payment amount, interest rate, total repayment obligation, due date information, and length of loan repayment.