



Private Undergraduate Student Loans

What is a private student loan?

Private student loans help students fill the funding gaps that federal aid can leave behind. Private loans should only be used when all federal aid and low-cost sources of funding have been exhausted. Student loans are held in the name of the student and, unlike Stafford loans, often require a co-signer. They are issued by private lenders and are not guaranteed or subsidized by the government. The interest rate is based on the student's credit and/or the credit of any co-signers they have on the loan. MITFCU is pleased to offer a private student loan product.

What steps should I take when requesting financial aid?

1. Fill out the FAFSA online at www.fafsa.ed.gov

Please note that even though the FAFSA form is not part of the MITFCU private student loan application process, it is required for the school certification process of the loan. If you need further assistance when completing the FAFSA, please consult your school's financial aid office.

2. Find out what scholarships you may be eligible for (check with your financial aid office for scholarship listings) and then apply for as many as you can.

Free money is always best so make sure you fully research scholarships and grants – you may be surprised at how many scholarships are available! While many will not pay for your entire tuition, every little bit you don't have to borrow helps.

3. Take the maximum amount of Federal Stafford Loans before applying for alternative loans.

These loans are the most student-friendly. The government caps the interest rates and pays the interest for students on subsidized loans while in school.

4. Choose a lender carefully if an alternative or private student loan is required.

Ask questions and look at interest rates, origination costs and terms carefully. This is a long-term relationship and this loan will need to be repaid once you graduate or withdraw from school. MIT Federal Credit Union is proud to partner with Credit Union Student Choice in offering certified private student loans.

What type of loan is offered by MIT Federal Credit Union?

A certified private student loan from MITFCU is a line of credit for undergraduate education.

How is a line of credit different than a traditional loan?

Providing incredible convenience, a line of credit allows you to apply once and then make multiple draws throughout your college career. An annual credit review is performed each May in order to authorize future draw requests.

What exactly is the "certification" process and how does it affect me?

All requested draw amounts are certified by your school. During the certification process, your school will:

- Verify your enrollment
- Ensure that the amount you have requested meets your financial need based on the school's cost of attendance and the other financial aid you've received
- Indicate when the loan funds should be disbursed

After the loan has been certified, the funds will be disbursed directly to your school. If funding is sent electronically, the deposit will be handled directly by the school.

What expenses are covered by this loan?

Like a federal student loan, an MITFCU private student loan is meant to cover costs included in your school's Cost of Attendance estimates. This typically includes tuition, fees, books, room and board, and other related expenses.

How do I determine the amount of my private student loan?

The amount of your private loan should be based on the cost of attendance minus the other financial aid (federal loans, scholarships, grants, etc.) you have already received.

What are the loan limit amounts?

The minimum loan amount is \$1,000. The maximum loan amount (throughout your college career) is \$75,000.

Is a co-signer required?

No, but having one is highly recommended and may be necessary for you to meet the approval criteria. Also, having a co-borrower with excellent credit may help you qualify for lower rates.

What schools are eligible for this loan?

You are eligible if you attend almost any four-year public or private non-profit school offering degree granting programs (Title IV). For a list of nearly 2,000 eligible schools, visit www.mitfcu.studentchoice.org.

What schools are NOT eligible for this loan?

Students attending a Community College or for-profit school are not eligible for this loan.

What other requirements are needed?

Students must be enrolled at least half-time in a degree or certificate program.

Do I need to be an MITFCU member to be eligible for a private student loan?

Yes, in order to fund the loan, both the student and the co-signer need to be credit union members. If you are not already member(s), join at a branch or at mitfcu.org, so funding can be completed as quickly as possible.

What is the interest rate on the loan and how is it determined?

The MITFCU private student loan interest rate is extremely competitive. While it is important for you to have a good credit score, the interest rate is based on the credit score of the co-signer. Like most other private student loans, the rate will be indexed to the Prime Rate and is variable, meaning it can adjust on a quarterly basis depending on the Prime Rate.

Is there any way to reduce the interest rate?

Yes! By choosing automated payment during your repayment period, you will receive a 0.25% discount on your interest rate.

Is there a loan origination fee?

NO! Unlike almost all other private student loans, which often feature origination fees of 4% to 6%, an MITFCU private student loan has no origination fee. This could save you hundreds of dollars.

Are there any fees?

The only fees associated with an MITFCU private student loan are a non-sufficient-fund fee and a late payment fee.

How do I apply for an MITFCU private student loan?

You can apply 24/7 at mitfcu.studentchoice.org or by calling toll-free 866-514-7550. Instant approval is possible!

What happens after I've been approved?

Once you've been approved for a loan, download an application kit or request one be mailed to you. Upon receipt of this kit, review the materials and return all required documentation via mail or fax. Your documents will be reviewed for accuracy, and if there are any issues you will be contacted by our loan processing department. Once the documents are approved, the loan request is sent to your school for certification. Upon certification, funds will be disbursed as directed by the school.

How quickly can I get the funds?

With our online application, downloadable credit agreement and fax-back or e-signature option, the credit union could have the funds ready in as little as seven business days after your conditional approval. However, the exact timeline for disbursing funds will be set by your school in coordination with MITFCU.

What are the repayment terms of the loan?

While you are in school, you have several options:

- Full deferment of principal and interest*
- Interest-only monthly payments
- Principal and interest monthly payment

As repayment begins, you will have two options:

Straight repayment over 20 or 25 years. If the loan balance is less than or equal to \$40,000, the loan repayment period is 20 years. If the loan balance is above \$40,000, the loan repayment period is 25 years.

OR

Graduated repayment for two years. The graduated repayment option temporarily lowers monthly payments by amortizing the first two repayment years over a 40 year period and then over either 18 or 23 years for the remainder of the loan, depending on the loan balance as described above.

Is there a pre-payment penalty?

No. You can pay off your MITFCU private student loan at any time, even if you're still in school.

Can the co-signer ever be released from the loan?

Yes. With automated payment and 48 consecutive monthly on-time payments, the co-signer may request to be released. However, the primary borrower must meet credit and income requirements.

For more information, visit mitfcu.studentchoice.org