

The spread between **LIBOR** and **PRIME** has been growing over time. So all else being equal, it is better to have an interest rate pegged to the **LIBOR** index, as such a rate will increase more slowly than a rate pegged to the **PRIME** index.

It is better to apply for a private student loan with a co-signer even if you could qualify for the loan on your own. Just applying with a co-signer usually results in a slightly lower rate, as such loans are not as risky for the lender. Moreover, the interest rates and fees are usually based on the higher of the two credit scores. So if your co-signer has a much better credit score than you, it could result in a lower interest rate.

The Financial Aid Office at Merrimack College recommends the use of private educational loans after the federal student and federal parent loan programs have been exhausted.

Before borrowing an education loan, you should carefully consider your present level of debt and repayment obligations on all loans. Determine how much you need to borrow by working out a budget for your educational costs and subtracting all your resources from those costs. Just remember, your ability to obtain loan funding is largely based on your credit-worthiness, and with most programs, your co-signer's credit-worthiness.

Please refer to the chart inside to help you decide on the lender that best suits your educational needs.

This information has been provided by the individual lenders as of June 16, 2009. Any changes will be noted on the specific lender website. Please refer to the chart inside for lender contact information.

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Financial Aid Directory

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Summer hours:
Monday thru Thursday:
8:30 a.m. to 4:30 p.m., EST

Friday:
8:30 a.m. to 12:00 p.m., EST

MERRIMACK COLLEGE

2009 - 2010

UNLOCK

Alternative Loan Opportunities



www.merrimack.edu/finaid

Parents who are looking for a loan for their children's education have many choices, including:

Private Education Loans, also known as Alternative Education Loans, help bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow in its student loan programs.

Private loans are offered by private lenders and there are no federal forms to complete. **Eligibility for private student loans often depends on your credit score and your co-signer's credit score.**

Private education loans tend to cost more than the education loans offered by the federal government, but are less expensive than credit card debt. Federal education loans offer fixed interest rates, better repayment and forgiveness options. Since federal education loans are less expensive than and offer better terms than private student loans, **you should exhaust your eligibility for federal student loans before resorting to private student loans.**

Private student loans typically have **variable interest rates**, with the interest rate pegged to an index, such as **LIBOR** or **PRIME**, plus a margin.

The **LIBOR** index is the *London Interbank Offered Rate* and represents what it costs a lender to borrow money.

The **PRIME** Lending Rate is the interest rate lenders offer to their most creditworthy customers. A rate of LIBOR + 2.93% is roughly the same as PRIME + 0.0%.
As of June 16, 2009: Libor is 0.32%
Prime is 3.25%

To check the Rates:
<http://www.bankrate.com/rates/interest-rates/rate-watch.aspx>



MERRIMACK COLLEGE'S RECOMMENDED ALTERNATIVE LOAN LENDERS



	Chase Select Private Student Loan <i>Offered by J.P. Morgan Chase Bank, N.A.</i>	CitiAssist Loan <i>Offered by Citibank</i>	Citizens Bank TruFit Student Loan <i>Offered by RBS Citizens, N.A.</i>	Discover Certified Private Loan <i>Offered by Discover Student Loans</i>	MEFA Undergraduate Loan <i>Offered by MEFA</i>	Smart Option Student Loan <i>Offered by Sallie Mae</i>	Wells Fargo Collegiate Loan <i>Offered by Wells Fargo Education Financial Services</i>
Eligible borrower	<ul style="list-style-type: none"> Undergraduate, graduate or professional student - degree/certificate program Enrolled full-time, half-time & less than half-time U.S. Citizen or permanent resident International student with a creditworthy U.S. co-signer and must have a SSN 	<ul style="list-style-type: none"> Undergraduate, graduate or professional student Enrolled full-time, half-time & less than half-time U.S. Citizen or permanent resident International student with a creditworthy U.S. co-signer and must have a SSN 	<ul style="list-style-type: none"> Undergraduate or graduate student - degree granting program - at least half-time U.S. citizen or permanent resident International student with a creditworthy U.S. co-signer and must have a SSN 	<ul style="list-style-type: none"> Undergraduate or graduate student - degree granting program - at least half-time U.S. citizen or permanent resident. International student with a creditworthy U.S. co-signer and must have a SSN 	<ul style="list-style-type: none"> Undergraduate or graduate student - degree granting program - at least half-time Undergrad: Parent or other creditworthy borrower with student as co-borrower Graduate: Student with or without co-borrower 	<ul style="list-style-type: none"> Undergraduate, graduate or professional student - degree granting program - at least half-time Less than half-time if in a degree granting program U.S. Citizen Permanent resident aliens require a U.S. citizen co-signer 	<ul style="list-style-type: none"> Undergraduate, graduate or professional student Enrolled full-time to less than half-time Degree granting program or multi-course certificate U.S. Citizen Permanent resident aliens require a U.S. citizen co-signer
Loan amounts	<ul style="list-style-type: none"> Minimum: \$500 Max: Cost of attendance less all financial aid Aggregate: \$120,000 (includes all student debt) 	<ul style="list-style-type: none"> Minimum: \$1,000 Max: Cost of attendance less all financial aid Aggregate: \$120,000 (includes all student debt) 	<ul style="list-style-type: none"> Minimum: \$1,000 Max: Cost of attendance less all financial aid Aggregate: \$120,000 (includes all student debt) 	<ul style="list-style-type: none"> Minimum: \$1,000. Max: Cost of attendance less all financial aid Aggregate: \$180,000 	<ul style="list-style-type: none"> Minimum: \$2,000. Max: Cost of attendance less all financial aid Aggregate: None 	<ul style="list-style-type: none"> Minimum: \$1,000. Max: Cost of attendance less all financial aid Aggregate: Variable 	<ul style="list-style-type: none"> Minimum: \$1,000 Max: Up to \$25,000 each academic year Aggregate: \$120,000 (includes all student debt)
Interest rates	<ul style="list-style-type: none"> W/Co-signer: 3-month Libor plus 4.40% to Libor plus 10.37% depending on credit history No Co-signer: 3-month Libor plus 9.0% 	<ul style="list-style-type: none"> 3-month Libor plus 4.75% to Libor plus 11.5% based on credit history Adjusted quarterly 	<ul style="list-style-type: none"> one-month Libor plus 2.5% to Libor plus 12.0% based on credit history Adjusted monthly 	<ul style="list-style-type: none"> Prime plus 1.0% to Prime plus 7.75% based on credit history Adjusted quarterly 	<ul style="list-style-type: none"> Immediate repayment option: APR 8.43% - fixed Deferred repayment option: APR 8.66% to 9.52% - fixed 	<ul style="list-style-type: none"> one-month Libor plus 5.75% to 11.5% Adjusted monthly 	<ul style="list-style-type: none"> Index (Prime) plus 1.0% to Index (Prime) plus 7.99% based on credit history Adjusted monthly
Fees	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 0% to 6.0% of original loan amount added to balance at time of repayment 	<ul style="list-style-type: none"> 0% to 5.0% based on credit history 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 4.0% with co-borrower 7.0% with no co-borrower 	<ul style="list-style-type: none"> 0% to 3.0% based on credit history 	<ul style="list-style-type: none"> None
Repayment	<ul style="list-style-type: none"> 20 to 25 years depending on total debt 15 year repayment/request Repayment Options: <ul style="list-style-type: none"> - Immediate - Interest only - Deferred Payments begin 6 months after graduating or leaving school 	<ul style="list-style-type: none"> 20 year repayment \$50. minimum monthly payment No payments required while in school Payments begin 6 months after graduating or leaving school 	<ul style="list-style-type: none"> Up to 15 years Repayment Options: <ul style="list-style-type: none"> - Immediate - Interest only - Deferred 	<ul style="list-style-type: none"> 15 year repayment No payments required while in school Payments begin 6 months after graduating or leaving school 	<ul style="list-style-type: none"> 15 year repayment Immediate repayment option begins 45 days after the loan is fully disbursed Deferred repayment option begins 6 months after graduation or less than half-time. 	<ul style="list-style-type: none"> 5 to 15 year repayment depending on total debt Mandatory Interest repayment begins 28 to 60 days after the first disbursement Principal & interest payments begin 6 months from last day of separation 	<ul style="list-style-type: none"> 15 year repayment No payments required while in school Payments begin 6 months after graduating or when student ceases to be enrolled
Benefits	<ul style="list-style-type: none"> Co-signer release option available after any 36 consecutive on-time payments 0.25% interest rate reduction with auto debit payments Past due balance for up to 12 months in the past - does not need to be enrolled Application e-sign for borrower and co-signer 	<ul style="list-style-type: none"> Co-signer release option available after any 24 consecutive on-time payments 0.25% interest rate reduction with auto debit payments 0.50% interest rate reduction Application e-sign for borrower and co-signer 	<ul style="list-style-type: none"> Co-signer release option available after initial 36 consecutive, on time payments 0.50% interest rate reduction with auto debit from any Citizens Bank account Past balance up to 180 days after end or enrollment. Must be enrolled at least half-time when applying. Application e-sign for borrower and co-signer 	<ul style="list-style-type: none"> 0.25% interest rate reduction with auto debit payments 2.0% Graduation reward on outstanding principal balance (contact Discover) Past due balance up to 6 months from end of last enrollment Application e-sign for borrower and co-signer 	<ul style="list-style-type: none"> Application e-sign for borrower and co-borrower 	<ul style="list-style-type: none"> 0.25% interest rate reduction with auto debit payments Co-signer release option: upon request Past due balances up to 180 days from end of last enrollment. Must be enrolled at least half-time when applying or just graduated. Application e-sign for borrower and co-signer 	<ul style="list-style-type: none"> Juniors, Seniors or graduate students with strong credit history may be eligible with out a co-signer Co-signer release option after 24 consecutive on-time payments....contact lender 0.50% interest rate reduction when graduated 0.25% interest rate reduction with auto debit payments Past due balance...contact lender Application e-sign for borrower and co-signer
Servicer	<ul style="list-style-type: none"> Chase 	<ul style="list-style-type: none"> Citibank 	<ul style="list-style-type: none"> Firstmark Services 	<ul style="list-style-type: none"> Great Lakes 	<ul style="list-style-type: none"> ACS 	<ul style="list-style-type: none"> Sallie Mae 	<ul style="list-style-type: none"> Wells Fargo
Contact Information	<ul style="list-style-type: none"> 866-306-0868 www.chaseselectloans.com 	<ul style="list-style-type: none"> 800-846-1290 www.studentloan.com/schools/merrimack 	<ul style="list-style-type: none"> 866-259-3767 www.citizensbank.com/trufitstudentloan 	<ul style="list-style-type: none"> 877-728-3030 www.discoverstudentloans.com 	<ul style="list-style-type: none"> 800-266-0243 new loans 800-397-8386 established www.mefa.org 	<ul style="list-style-type: none"> 888-272-4665 www.salliemae.com/smartoption 	<ul style="list-style-type: none"> 800-658-3567 www.wellsfargo.com/student