



University of Northern Iowa Office of Student Financial Aid
Private Alternative Loan Education Packet

It is very important for students who are considering an alternative (private) loan to finance educational expenses to be aware of all loan requirements and terms before borrowing. The UNI Office of Student Financial Aid is committed to helping students better understand alternative loans and the consequences of borrowing these funds. Because of this, the UNI Office of Student Financial Aid has created this educational packet for you to complete, so you become more knowledgeable about specific alternative loans. All first-time alternative loan borrowers must make an appointment with a Financial Aid Counselor for alternative loan counseling. For any subsequent alternative loan borrowed, students must complete page 5 of this packet for each loan.

NO PRIVATE/ALTERNATIVE LOAN WILL BE CERTIFIED UNTIL ALL STAFFORD LOANS HAVE BEEN MET.

Other Information to Consider:

1. It takes approximately four weeks to process an alternative loan. As a result, early application of these loans is very important.
2. There are many alternative loan lenders to choose from. An alternative loan comparison chart is provided to you online at www.uni.edu/finaid/loans.shtml by clicking on Alternative Loan Comparison Chart. The University of Northern Iowa Office of Student Financial Aid does not endorse any particular lender; students may choose any lender of their choice. Be sure to compare several lenders before making a selection.
3. You should always ask questions to lenders you are contemplating borrowing from.
 - a. Do I need a co-signer?
 - b. What is the origination fee? (The origination fee is withheld from the loan before the funds are disbursed.)
 - c. What is the interest rate? Will it change during repayment?
 - d. If the interest rate is variable, is there a maximum rate?
 - e. How often does interest capitalize?
 - f. Do I have to be enrolled at least half time to borrow an alternative loan?
 - g. When does repayment begin? Can my loan be deferred if I return to school?
 - h. How long will I be repaying the loan? Is there any penalty for paying off the loan early?
 - i. If I have difficulty making payments based on an economic hardship, am I allowed to defer or reduce my payments temporarily? If yes, under what circumstances and for how long?
4. Remember that these loans must eventually be repaid, so borrow only what is necessary to actually pay for education expenses.

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Loan Repayment Chart

The purpose of this loan repayment chart is to help you estimate what your alternative loan payments may be once you graduate from college. Remember that this is just an estimate since the number of monthly payments and the interest rate used in this chart are just examples. Actual monthly payments will be based on the repayment option selected after you graduate from college.

Example Loan Repayment Chart

Interest Rate – 8.0%

Repayment Length – 10 years

Total Amount Borrowed (Principal)	Number of Monthly Payments	Monthly Payment Amount	Total Interest Paid	Total Paid (Principal and Interest)
\$1,000	120	\$12	\$456	\$1,456
\$2,000	120	\$24	\$912	\$2,912
\$3,000	120	\$36	\$1,368	\$4,368
\$4,000	120	\$49	\$1,824	\$5,824
\$5,000	120	\$61	\$2,280	\$7,280
\$6,000	120	\$73	\$2,735	\$8,735
\$7,000	120	\$85	\$3,191	\$10,191
\$8,000	120	\$97	\$3,648	\$11,648
\$9,000	120	\$109	\$4,104	\$13,104
\$10,000	120	\$121	\$4,559	\$14,559
\$12,000	120	\$146	\$5,471	\$17,471
\$15,000	120	\$182	\$6,839	\$21,839
\$20,000	120	\$243	\$9,118	\$29,118
\$25,000	120	\$303	\$11,398	\$36,398
\$30,000	120	\$364	\$13,678	\$43,678
\$35,000	120	\$425	\$15,957	\$50,957
\$40,000	120	\$485	\$18,237	\$58,237
\$45,000	120	\$546	\$20,517	\$65,517
\$50,000	120	\$607	\$22,796	\$72,796

Information obtained through calculations with Finaid Loan Calculator (www.finaid.org)

Average Federal Direct Loan indebtedness at the University of Northern Iowa is \$22,000. The estimated monthly payment for this amount is \$253 (using an interest rate of 6.8% and a repayment length of 10 years). Keep in mind that if you borrow federal loans, you will also have that monthly loan payment in addition to your alternative loan monthly loan payment.

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 Loan Repayment vs. Income Chart

This chart gives you an estimate of the amount of loan debt you can reasonably afford based on your projected annual income after graduation. Generally, your student loan payment should be no more than 8% of your monthly salary. Remember that this is just an estimate since the number of monthly payments and the interest rate used in this chart are just examples. Actual monthly payments will be based on the repayment option selected after you graduate from college.

Example Loan Repayment vs. Income Chart

Interest Rate – 8.0%

Repayment Length – 10 years

Your Expected Annual Income After Graduation	Try to Limit Your Borrowing to (8% of Monthly Salary):	Your Monthly Payment
\$15,000	\$8,240	\$100
\$20,000	\$10,990	\$133
\$25,000	\$17,740	\$167
\$30,000*	\$16,480	\$200
\$35,000*	\$19,230	\$233
\$40,000*	\$21,980	\$267
\$45,000	\$24,730	\$300
\$50,000	\$27,470	\$333
\$55,000	\$30,220	\$367
\$60,000	\$32,970	\$400
\$65,000	\$35,720	\$433
\$70,000	\$38,460	\$467
\$75,000	\$41,210	\$500
\$80,000	\$43,960	\$533
\$90,000	\$49,450	\$600
\$100,000	\$54,950	\$667
\$110,000	\$60,440	\$733
\$120,000	\$65,940	\$800

Information obtained through calculations with Finaid! Student Loan Advisor – Undergraduate Students (www.finaid.org)

*Typical starting salary of most UNI graduates.

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Budget Worksheet

Estimated Income	Yearly Amount	Monthly Amount	Estimated Expenses	Yearly Amount	Monthly Amount
Salary and Adjustments			Housing		
Net Salary			Rent/Mortgage		
Non-Taxable Income			Utilities		
AFDC			Gas and Electricity		
Veteran's Benefits			Telephone		
Social Security			Water		
Other					
			Transportation		
Other Income			Bus/Train		
Interest Income			Gas/Maintenance		
Investment Income			Parking		
			Food and Personal		
			Groceries		
			Clothing		
			Dining Out		
			Laundry/Dry Cleaning		
			Entertainment		
			Other		
			Debt Obligations		
			Student Loans		
			Car Payment		
			Credit Cards		
			Other Loans		
			Insurance		
			Car		
			Rent/Home		
			Health		
			Life		
			Health Care		
			Deductible/Co-payments		
			Doctor/Dentist		
			Prescriptions		
			Savings		
			Miscellaneous		
Total Income			Total Expenses		
Your Balance:	Yearly	_____		Monthly	_____

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This form must be completed and returned to the UNI Financial Aid Office before certification of your alternative loan can occur. It must be entirely completed, or it will be returned to you for completion.

Name _____ Student ID _____ Telephone _____

Mailing Address _____ Email Address _____

1. Is this the first time you have borrowed an alternative loan?
YES NO (If yes, you must make an appointment with a Financial Aid Counselor before the loan will be certified.)
2. How much of the following loans have you borrowed to date?
Federal Loans _____ (can be found at www.nslds.ed.gov using your FAFSA PIN)
Alternative Loans _____ (can be found by contacting specific lender)
3. What lender are you planning to borrow from? _____
4. If you have borrowed alternative loans in the past, are those loans with the same lender you listed above in question #3?
YES NO If no, why? _____
5. How much do you plan to borrow and for what semester(s)?
Amount _____ Semester(s) FALL only SPRING only FALL/SPRING SUMMER only
6. Why did you select this lender?

7. Why are you borrowing the amount you are requesting?

8. Do you understand that all private/alternative loans have a variable interest rate? Yes _____ No _____
9. What is the origination fee of this alternative loan? _____
(The origination fee is a fee the lender withholds for processing your application and comes out of your requested amount.)
10. When will you go into repayment on this loan? (Month) _____ (Year) _____
11. Do you understand that alternative loans cannot be consolidated (combined) with your Direct Loan, so you will be responsible for making two separate payments during repayment?
YES NO

If you would like to meet with a UNI Financial Aid Counselor to discuss alternative loans in more detail or for specific questions, please contact the Financial Aid Office at 319-273-2700.

Student Certification Statement

I understand that I am responsible for the repayment of all student loans I borrow, both private and federal. I also understand that private and federal loans cannot be consolidated into one payment while I am in repayment.

Student Signature

Date