

Alternatives to borrowing:

- **Outside Awards** can help reduce your need for loans. Check our website for our **Outside Awards policy** and links to resources.
- **Term-time work and summer employment** can also reduce the need to borrow. Search our **Student Employment Office's Jobs Database** for opportunities.
- **Payment Plans** such as the one available through our **billing office** can lessen the burden of a term bill balance by stretching it out over time.
- **Savings accounts** are great for any student. If you already have a job, set aside money each month for education expenses.

Points of Interest

- How to Choose an Education Loan Lender
- Questions to ask a Potential Lender
- Where do I Start?
- Questions/Contact Information

Private Education Loans: A Brief Overview

How to Choose a Private Loan Lender

All lenders are not alike. In addition to banks, some educational associations, state education agencies, and other organizations offer student and parent loans for school. Each of these lenders may offer special discounts or services to a student based on the state they live in, the credit rating of the applicant, or even their grade level.

It is important to research and choose the lender that is right for you. Don't be afraid to ask questions and make sure you take the time to compare what each lender has to offer before making a decision.

As a general rule, students should only consider obtaining a private education loan if they have maxed out their Federal loan options. Parent borrowers should also compare costs with the Federal PLUS loan. The PLUS loan is a federal parent loan and usually has better repayment terms than most private loans.

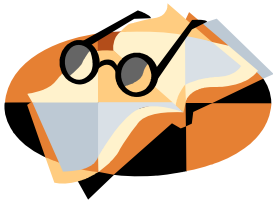
The fees charged by some lenders can significantly increase the cost of the loan. A loan with a relatively low interest rate but high fees can ultimately cost more than a loan with a higher interest rate and no fees. A good rule of thumb is that 3% to 4% in fees is

about the same as a 1% higher interest rate.

Lenders rarely give complete details of the terms of the private student loan before the student submits an application, in part because this helps prevent comparisons based on cost. For example, many lenders will only advertise the lowest interest rate they charge (for good credit borrowers). Borrowers with bad credit can expect interest rates that are as much as 6% higher, loan fees that are as much as 9% higher, and loan limits that are two-thirds lower than the advertised figures.



Private Education Loans: A Brief Overview



The *Master Promissory Note (MPN)* is the legally binding contract that sets the terms and conditions for the loan you are borrowing.

An MPN is required for each loan program. MPNs can be used multiple times over a maximum of ten years, meaning you don't have to sign a new one every year.



What Questions should I ask a Potential Lender?

Here are several points you should research if considering a private loan:

- What is the interest rate; is it fixed or variable; is the rate capped?
- What fees must be paid for this loan?
- When does repayment begin and is there a grace period?
- What will my monthly payment be?
- What is the total cost if I use the full repayment period?
- Are there penalties for early repayment?
- Are there deferment or forbearance options?
- Is the loan program well-established?



Where can I Start?

Some states offer parent and student loan options. These programs vary from year to year, so even if you don't see your state here, there may be loans available. Also listed are other private lenders from whom students/parents of current undergrads have borrowed. There are many lenders out there, so be sure to research all of your options before committing to one.

State Loan Programs

- [Alaska](#)
- [Connecticut](#)
- [Iowa](#)
- [Kentucky](#)
- [Massachusetts](#)
- [Maine](#)
- [New Jersey](#)
- [North Dakota](#)
- [Rhode Island](#)
- [South Carolina](#)
- [Vermont](#)

Private Lenders

- Citizens
www.citizensbank.com
- Discover
www.discoverstudentloans.com
- MEFA
www.mefa.org
- Sallie Mae
www.salliemae.com
- Wells Fargo
www.wellsfargo.com

Questions/Contact Information

The Financial Aid Office is committed to assisting you with all your financial aid concerns. Please let us know if we can be helpful in any way. We realize that matters of family finances and financial aid can be complicated, so we hope you will contact us with any questions or problems. Financial Aid Officers are available to speak with students and families by phone or in person about any

questions they may have. Please call to speak to an Officer or to make an appointment. You may also email your questions to us.

Office Hours:

Monday to Friday 9-5

EMAIL US:

faoinfo@fas.harvard.edu

CALL US:

(617)495-1581

HARVARD COLLEGE

Griffin Financial Aid Office
86 Brattle Street
Cambridge, MA 02138