

Private Loan Overview and Repayment Options for International Students



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What is a Private Loan?

- Funds provided by lenders for educational cost.
- Not regulated by the Federal Government.
- Loans are provided based on student or co-borrower's credit rating.
- Interest rates and loan fees are determined on student or co-borrower's credit rating.



Getting Organized

–Getting organized before you enter repayment will make managing your monthly payments easier. Here are some helpful tips:

- Maintain a file of all loan records.
- Know who services and holds your private loans.
- Determine when your private loans will enter repayment.
- Notify your loan holder or servicer when you move.



Creating a Budget

- **Create a budget to help you manage your student loan repayment and select a repayment plan that works best for you.**
- **When setting up a budget follow these steps:**
 - Estimate your income -- ask your college's career office for guidelines on starting salaries
 - Allocate your monthly expenses and include items like rent, utilities, clothing, car or commuting expenses and entertainment
 - Pay yourself first and set aside 5-10% of your income for a savings/emergency fund so you can plan for future financial goals



Interest Rates

- Most Private Loans have a variable interest rate.
- Most interest rates are reset quarterly.
- Lenders typically use two types of instruments along with a rate spread to determine interest rates:



Prime Rate

Interest rate charged by banks to their most creditworthy customers. The rate is almost always the same amongst major banks. Adjustments to the prime rate are made by banks at the same time; although, the prime rate does not adjust on any regular basis.

Example: Private Loan is based on Prime Rate minus 1.00%
(Current prime rate is 7.50%, therefore, current rate is 6.50%).

LIBOR Rate

Stands for "London Inter-Bank Offered Rate." It is based on rates that contributor banks in London offer each other for inter-bank deposits. Rate calculations are complex as they incorporate variables such as time, maturity and currency rates.

Example: Private Loan is based on LIBOR Rate + 3.25%
(Current LIBOR Rate is 4.34%, therefore, current rate is 7.59%).

Loan Fees

- Lenders charge loan fees to reduce credit risks.
- Fees are a percentage of your loan amount.
- Fee rates are determined by credit.
- Loan fees are typically added to the original principal balance of your loan.
- Two common types of loan fees:



Origination Fee: Charged at time of loan disbursement.

Repayment Fee: Charged prior to loan repayment.

Example:	Loan Amount:	\$10,000
	3% Origination Fee:	\$ 300
	4% Repayment Fee:	<u>\$ 400</u>
		\$10,700*

***Does not include accrued interest that accumulates on the principal balance of the loan.**

Repayment

- Most lenders offer a grace period before the first payments are due
 - Typically range from 6 to 12 months.
- Repayment periods vary amongst lenders
 - Typically range from 10 to 25 years.
- Any unpaid interest will be capitalized prior to repayment.
- Make your monthly loan payments on line.
- Make monthly payments while overseas using a credit card (PayPal).



Repayment Plans

Level Repayment

A monthly payment that remains the same throughout the duration of the repayment term.

Interest-Only Repayment

Also known as Graduated Repayment, lowers initial payments for 2 or 4 years with higher payments thereafter.

Forbearances

Forbearance enables you to temporarily postpone making principal payment if you are experiencing financial difficulty

Important Facts:

- Forbearances are at the discretion of the lender.
- You must apply for a forbearance – it is not automatically granted.
- Your original repayment schedule remains in effect until a decision has been made.
- Apply at least 30 days before you want the forbearance period to begin.
- Forbearances are offered for a limited time for the life of loan repayment.
Use them wisely!



Borrower Benefits

Most lenders reward borrowers who are responsible about paying back their loans. Look for special borrower benefits such as:

- Interest rate reduction for automatic payments from your checking or savings accounts
- Interest rate reduction for consecutive, initial on-time payments over a specified period of time

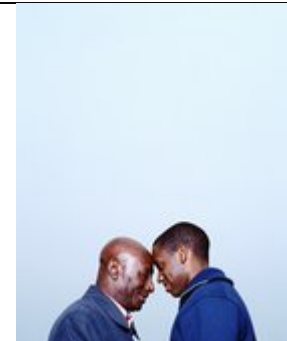


As an example, Citibank offers*:

- 0.25% interest rate reduction** - You will receive an interest rate reduction of 0.25% when you have your loan payments automatically withdrawn from your bank account.
- 0.50% Interest Rate Reduction with CitiExtras® Savings** - When you make your first 48 consecutive monthly payments on time you will automatically receive a 0.50% interest rate reduction during repayment for the remaining term of your loan.

Citibank – Your Single Source Provider

- **Our mission** is to help students attend the school of their choice. We hold ourselves to the highest level of standards in everything we do, so we can help *you* do great things.
- **An industry leader** - Citibank has been providing students and their families with education financing since 1958.
- At **www.studentloan.com**, you can apply and sign online for student loans, access your account, make payments, and receive your statements electronically – 24 hours a day, seven days a week.
- **Money saving borrower-benefits** – Citibank offers interest rate reduction plans that provide you with considerable savings on your student loans and consolidation loans.





The Student Loan Corporation

Citibank Resources

For questions or loan calculators:

www.studentloan.com

or

(800) 967-2400

Monday - Friday 8:00 a.m. – 11:00 p.m. ET

Saturday 9:00 a.m. – 6:00 p.m. ET

