



## Federal Direct Loans

VS.

## Private Student Loans

► **FEDERAL STUDENT LOANS** = Funded by the federal government; usually have more benefits, lower/fixed interest rates and better repayment plan options. Must complete the FAFSA annually to determine eligibility.

*Direct Subsidized and Unsubsidized Loan; Direct PLUS Loans for parents of dependent undergraduates*

► **PRIVATE STUDENT LOANS** (also called **alternative loans**) = Nonfederal loans made by a lender such as a bank, credit union, state agency, or a school; generally end up being more expensive overall.

*If you must borrow an alternative loan, it is beneficial to you to borrow all of your available Federal loans first.*

### Federal Direct student loans

### Private/alternative student loans

• You will not have to start repaying your federal student loans until you graduate, leave school or drop below half-time enrollment status.

• The interest rate is fixed and is often lower than private loans (and much lower than some credit card interest rates).

• Undergrad students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.

• Do not require a credit check or cosigner and can help a student establish a good credit record.

• Interest may be tax deductible.

• Deferment and forbearance provisions and several repayment options are available, including the ability to tie monthly payments to income.



• Many private student loans require payments while you are still in school.

• Can have variable interest rates, some greater than 18%. These rates may substantially increase the total you pay.

• Not subsidized. YOU pay all the interest and it starts accruing with disbursement.

• Many require an established credit record or cosigner.

• Interest may not be tax deductible.

• May have less flexible repayment options and may not provide deferment or forbearance alternatives.

In either case, **ONLY BORROW WHAT YOU NEED**. Both types of loans **MUST BE REPAYED**.

Visit [StudentAid.gov](http://StudentAid.gov) for more federal loan information, repayment calculators and plans.

### Private/alternative loan lender selection

There are many private loan options and lenders available to students. The following list provides contact info for lenders that have made loans to EWC students in the past three years, **but you are NOT LIMITED TO THIS LIST**. It is up to YOU to find the best lender and loan options to fit your needs. EWC does not promote any specific lender and receives no compensation from your choice of lender. Visit EWC's website at [ewc.wy.edu/future-students/financial-aid/federal-direct-loans/](http://ewc.wy.edu/future-students/financial-aid/federal-direct-loans/) for more loan information and to view our College Loan Code of Conduct. *Please note that not all lenders work with all colleges.*

**Sallie Mae** (Smart Option Student Loan): [salliemae.com](http://salliemae.com)

**Wells Fargo** (Collegiate Loan): [wellsfargo.com/student/](http://wellsfargo.com/student/)

View and compare lenders' products online via **ELMSelect** at: <http://www.elmselect.com/#/>

Pursuant to Section 155 of the Higher Education Act of 1965, as amended, (HEA) and to satisfy the requirements of Section 128(e)(3) of the Truth in Lending Act, a lender must obtain a self-certification signed by the applicant before disbursing a private education loan. <https://ewc.wy.edu/documents/2020/01/private-education-loan-applicant-self-certification-2.doc>