

Frequently Asked Questions – *Credit Union Student Choice*

Who's eligible?

Undergraduate students enrolled at least half-time in a four year degree-granting program at a public or private non-profit school. Over 1,700 schools and campuses across the U.S. are eligible. Contact us to see if your school participates in this program.

Do you require a co-borrower?

No, but having a co-borrower is highly recommended as it may be necessary for you to meet the approval criteria. Additionally, having a co-borrower with excellent credit may also help you qualify for lower rates.

What is a school certified loan?

A school certified loan will be forwarded by us to your school for verification of enrollment and need. Once approved, the money will be sent to the school at the time(s) specified by the school for that academic year. Excess loan funds sent to the school (beyond what the school itself requires) will be disbursed to the student by the school.

How does the 0.25% automatic electronic payment discount work?

When your loan is in full repayment, you can receive a 0.25% rate discount by electing to make automatic electronic payments. The rate discount will only become effective during full repayment. If your loan is in deferment or you are making interest-only payments, the rate discount will not apply.

How much can I borrow?

The minimum is \$1,000 per year. The maximum loan amount will be the certified need determined by your school, up to a maximum of \$75,000 per student for the remainder of their undergraduate education. The certified need is typically the Cost of Attendance (COA) less other financial assistance and aid received.

If the loan amount is certified by my school, why do I need to enter a requested loan amount on the application?

We still need to know how much you would like us to disburse. For example, your school may certify \$10,000 but you only need \$5,000 because you have other funds (such as savings) to pay the remaining cost.

How does the Line of Credit (LOC) work?

You will be underwritten for the cost of the remainder of your education (\$75,000) and will be allowed regular disbursement draws up to the school certified amount. Each year you will request a draw for the amount you wish to be disbursed from the LOC. You will not need to reapply each year assuming there are no significant changes to the borrower or co-borrower credit scores.

How often can I receive disbursements from my Line of Credit?

Funds are disbursed to your school based on the school's disbursement cycle. You will request the specific draw amount from the LOC each year.

Does your program offer a co-borrower release option?

A co-borrower release option may be available to credit worthy borrowers who make their first 48 payments on time and who elect to make automated payments. You must apply and be approved for this option after the 48 month period. Other terms and conditions may apply.

Do I have to fill out the standard Free Application for Federal Student Aid (FAFSA) form, get federal loans first, or inform my financial aid office?

Completion of the FAFSA form is not part of the Credit Union Student Choice loan application process, but may be required by some schools. We highly encourage all students to complete the FAFSA form and fully exhaust Federal Stafford aid first, and only then use private student loans to help pay for the remaining costs of attending college. Please consult your school's financial aid office for further assistance.

Do I need to know what school I'm attending to apply?

Yes, your school information is important. Once your loan is conditionally approved we'll verify your enrollment information. We will also work with the school to certify the loan and for disbursement of funds.

What if my school is not on the list of eligible schools?

The Credit Union Student Choice private loan solution is available to many public and private non-profit four-year degree granting schools nationwide. Unfortunately, if your school is not included in our approved list then you are not eligible at this time. However, you may still wish to contact the credit union for other possible loan options such as Home Equity Loans.

To apply, do I have to know my enrollment status?

Yes. You must be enrolled at least half-time in a degree-granting program to be eligible.

I'm a foreign student attending a U.S. school. Am I eligible for the Credit Union Student Choice private loan solution?

No. You must be a U.S. citizen or permanent resident alien in order to be eligible.

Do I and my co-borrower (if applicable) need to be members of the credit union in order to be eligible?

In order to fund the loan, only the borrower must be a primary account holder at the credit union. To expedite funding, visit your credit union branch or website to open your membership and account while we are processing your loan.

How quickly can I get the funds?

With our online application, downloadable credit agreement and fax-back option, the credit union could have the funds ready in as little as 7 business days after your conditional approval. Funds will be disbursed directly to the school, at the time the school specifies. The requested funds date varies from school to school. We will verify this date with the school.

How will I receive my money?

The money will be sent directly to the school. If there are excess funds after your direct school related costs are paid, the school will issue a check to you with those remaining funds.

Can I purchase books with my loan?

Yes, you can use your loan to pay for books and other education-related expenses (such as off-campus room & board). Since you may need to buy books before you receive your excess loan funds, you will need to use out-of-pocket funds and then reimburse that source from loan proceeds.

Are there out-of-pocket fees I have to pay?

No. Our loans do not have origination or other application fees. In addition, there are no prepayment fees.

What is the graduated repayment option?

Once you complete school, you will be allowed to choose straight repayment over 20 or 25 years (depending on loan balance) or our graduated repayment for two years. The graduated repayment option amortizes the first 2 years over a 40 year period and then over either 18 or 23 years for the remainder of the loan. This means monthly loan payments will be lower in the first two years after starting repayment - which may benefit individuals who are just beginning new careers and managing tight budgets.

How are rates determined?

Rates are variable and reset quarterly. They are also dependent on your credit and, if applicable, the credit of your co-borrower.

How is my rate calculated?

Heritage Valley Federal Credit Union's private student loan rates are determined by using the one-month LIBOR market index plus a margin. As of April 1, 2010, the 1-month LIBOR index rate used would have been **0.23%** through June 30th. **(One-month LIBOR + Margin = Your Rate)**

The margin rate currently ranges between **3.0%** and **5.0%** depending on the borrower/co-borrower's credit score at the time of application. The 'floor' rate for the loan will be **6.0%**, meaning that your interest rate will never fall below this 'floor' rate.

For example, if the index is 1% and your quoted margin is 4.0%, then your rate will be the higher of 5% or the stated floor rate of 6%. It is important to understand that the index rate will reset quarterly.

What other repayment options are available?

Students may choose full deferment while in school, elect to make interest only payments while in school, or choose full principal and interest only payments.

Is there any penalty for paying the loan off early?

No. You can pay off your Credit Union Student Choice Loan at any time, even if you're still in school.