

# MODEL STUDENT LOAN DISCLOSURE FORM A

Prepared by the Attorney General's Office Pursuant to HF 2690 (2008)

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## A. Interest Rate Information

<p><b>Current Fixed Interest Rate</b> The current rate of interest applicable to this type of private educational loan.</p> <p><b>Fixed Interest Rate</b> %</p>	<p><b>Variable Interest Rate Range</b> The range of interest rates applicable to this type of private educational loan over the past year.</p> <p><b>Variable Interest Rate Range:</b> % - %</p>
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A **fixed** interest rate will remain the same over the entire life of the loan.

A **variable** interest rate will change based on certain conditions. *Either:* The maximum interest rate that may be charged on this loan is \_\_\_\_%. *Or:* There is no limit on the interest rate of this loan.

*Insert this section if the loan is variable:*

The interest rate is variable. It will adjust if the *[insert index, rate or other conditions that trigger adjustment, i.e. the prime rate adjusts]*. *If the interest rate is tied to a financial index or rate provide details on where the index/rate can be found, e.g., the LIBOR rate can be found on the British Bankers Association website at <http://www.bba.org.uk> or the Prime Rate will be the higher Prime Rate published in the Wall Street Journal "Money Rates" table on the last business day of the preceding month. If the interest rate can only adjust at certain times like once every 6 months, please note those time limitations as well.*

## B. Loan Fee Information

The following fees are associated with this loan:

*[Lender to insert any fees that are readily ascertainable at the time of loan application. These fees may include, without limitation, origination fees, returned check/NSF fees, delinquency fees, and fees for deferment or forbearance. Please include a description of each fee including when it is charged and the amount].*

*If the post-origination fees are subject to change, please insert the following language:* These fees may change from time to time. \* An asterisk indicates fees that may change from time to time as permitted by law or the lender's discretion.

### **C. Co-Borrower Requirements**

A co-borrower is required for this student loan if *[insert conditions which require a co-borrower, i.e. income and employment requirements]*.

Co-borrowers may also affect the interest rate on your loan. If you have one or more co-borrowers, you may receive a better interest rate and improve your chances for loan approval. The effect a co-borrower has upon the interest rate depends upon the co-borrower's creditworthiness. The more creditworthy the co-borrower, the greater potential there is for a lower interest rate.

### **D. Repayment of Loan Information**

Repayment of your loan begins *[insert time, e.g. 6 months after you leave school]*.

The repayment period of the loan is *[insert time, e.g. 180 months, alternatively, if the lender has multiple repayment plans describe the plans and note if the borrower must affirmatively choose a plan or is automatically enrolled in a certain plan]*.

Additionally, you can prepay the loan in whole or part at any time without penalty.

*Lender may insert additional information such as the possibility of deferring interest until repayment begins.*

### **E. Deferment or Forbearance**

Under certain circumstances you may defer payment on this loan or request forbearance on payments. Deferment or forbearance will have consequences on the repayment of this loan. Interest will continue to accrue during periods of deferment or forbearance. This deferred interest, if not paid, will be added to your loan balance.

The lender may grant a deferment or forbearance as follows:

*Insert conditions for deferment, length/time frame of deferment and any additional consequences (other than interest accrual). Lender may choose to refer only to deferment or forbearance; lender does not need to include both terms.*

### **F. Example of Total Cost of the Loan**

Below are two examples of the total cost of the private student loan. In the first column, the interest is not deferred. If you elect this option, you will have to make interest payments while in school, however, the total cost of your loan will be less. In the second column, the interest is deferred and you make no payments while enrolled in school. If you elect to postpone making interest payments while enrolled in school,

the total cost of your loan will increase. Please note the actual total cost of your loan will vary based on the actual terms of your loan and on any changes to your interest rate. If your interest rate increases, the loan will cost more over time.

### Private Student Loan With a 20 Year Repayment Plan

	Interest Paid During In-School	Interest Deferred During In-School
Principal Amount	\$10,000	\$10,000
Amount Disbursed To Borrower	\$10,000	\$10,000
Accrued Interest	\$13,161	\$24,768
Finance Charge	\$13,161	\$24,768

Monthly Payment	\$97	\$145
Interest Paid In-School	\$4,255	\$0
Repayment Term (Months)	240	240
Prepaid Finance Charge	\$0	\$0
Interest Rate	10.00%	10.00%
Total Paid	\$23,161	\$34,768

### Private Student Loan With a 10 Year Repayment Plan

	Interest Paid During In-School	Interest Deferred During In-School
Principal Amount	\$10,000	\$10,000
Amount Disbursed To Borrower	\$10,000	\$10,000
Accrued Interest	\$5,858	\$13,806
Finance Charge	\$5,858	\$13,806

Monthly Payment	\$132	\$198
Interest Paid In-School	\$4,255	\$0
Repayment Term (Months)	120	120
Prepaid Finance Charge	\$0	\$0
Interest Rate	10.00%	10.00%
Total Paid	\$15,858	\$23,806

**Private Student Loan With a 20 Year Repayment Plan and a 5% Origination Fee**

	<b>Interest Paid During In-School</b>	<b>Interest Deferred During In-School</b>
Principal Amount	\$10,000	\$10,000
Amount Disbursed To Borrower	\$9,500	\$9,500
Accrued Interest	\$13,161	\$24,768
Finance Charge	\$13,661	\$25,268

Monthly Payment	\$97	\$145
Interest Paid In-School	\$4,255	\$0
Repayment Term (Months)	240	240
Prepaid Finance Charge	\$500	\$500
Interest Rate	10.00%	10.00%
Total Paid	\$23,161	\$34,768

**Private Student Loan With a 10 Year Repayment Plan and a 5% Origination Fee**

	<b>Interest Paid During In-School</b>	<b>Interest Deferred During In-School</b>
Principal Amount	\$10,000	\$10,000
Amount Disbursed To Borrower	\$9,500	\$9,500
Accrued Interest	\$5,858	\$13,806
Finance Charge	\$6,358	\$14,306

Monthly Payment	\$132	\$198
Interest Paid In-School	\$4,255	\$0
Repayment Term (Months)	120	120
Prepaid Finance Charge	\$500	\$500
Interest Rate	10.00%	10.00%
Total Paid	\$15,858	\$23,806

**G. Additional Terms and Conditions**

Your loan is subject to all of the terms and conditions of your credit agreement/promissory note. Please read your credit agreement/promissory note carefully, it may include terms under which the interest rate on the loan may change.

To obtain a copy of your credit agreement/promissory note, please **(insert instructions to get a copy)**. *(In addition to referring the borrower to the agreement, the lender may also choose to highlight key additional terms and conditions).*

-Or-

The following terms and conditions represent all of the additional terms and conditions that are applied to this loan. Please read these terms, they may include terms under which the interest rate on the loan may change.

1.
2.
3.
4.
5.

#### **H. Comparison of Federal and Private Student Loans**

This loan is a private student loan. It is offered solely by a private lender. This is not a federal or state loan. If you have not exhausted all of your federal student loans, you may want to reexamine your federal lending options. Federal student loans will usually result in a lower interest rate than a private loan. For this reason, private loans should normally only be used after all federal loan options have been exhausted. The interest rates for federal loans are as follows: *(Lender may also expand upon this comparison and direct borrowers to the Iowa Student Aid Commission's comparable table).*

<b>Interest Rates as of _____ [Date to be no more than one year old]</b>	
<b>Stafford</b> ____%	<b>Plus Loans</b> ____%

#### **I. Consequences of Loan Default**

There are serious consequences if you default on this loan, including any limitations on discharging the loan in bankruptcy, contained in Section 523(a)(8) of the United States Bankruptcy Code. Under normal circumstances, student loans are not dischargeable in bankruptcy. In order to discharge a loan in bankruptcy, the borrower must prove undue hardship in an adversary proceeding before the bankruptcy court.

Additional consequences of default on this loan include:

*Lender to insert known default consequences, see examples below.*

- *Lender may report the late payment history to credit reporting agencies, which will adversely affect your credit rating and ability to get more credit*
- *Interest will continue to accrue on the outstanding principal balance*
- *Lender may take legal action*
- *Borrower will become ineligible for further loans from the lender*

**J. Lender/Service Contact Information**

*The lender may use any format for presenting the information below, so long as all the information is displayed in a readable and understandable manner.*

Name		
Address		
City	State	Zip Code
Phone No.		
Fax No.		
Email Address		

If applicable and different from the Contact Information listed above, provide the contact information for the department or division primarily responsible for issues arising from the lender's issuance of private educational loans to borrowers attending covered institutions within the state of Iowa.

Name		
Address		
City	State	Zip Code
Phone No.		
Fax No.		
Email Address		