

Borrower,



Federal student loans are made by the government, with terms and conditions that are set by law, and include many benefits (such as [fixed interest rates](#) and [income-driven repayment plans](#)) not typically offered with private loans.

In contrast, private loans are made by private organizations such banks, credit unions, and state-based or state-affiliated organizations, and have terms and conditions that are set by the lender. Private student loans are generally more expensive than federal student loans. The chart below provides a summary of the differences

| Subject | Fed. Direct & Graduate PLUS Student Loans | Federal Parent Loans | Private Student Loans* |
|---|---|--|--|
| When payments become due | Payments aren't due until after you graduate, leave school, or change your enrollment status to less than half-time. | You (the parent) can choose to put off payments until the student you borrowed for graduates, leaves school, or changes enrollment status to less than half-time. | Many private student loans require payments while you are still in school, but some do allow you to defer (put off) payments while in school. |
| Interest rates | The interest rate is fixed & is often lower than private loans & much lower than some credit card interest rates. View the current interest rates on fed. student loans. | The interest rate is fixed and may be lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student and parent loans. | Private student loans can have variable or fixed interest rates, which may be higher or lower than the rates on federal loans depending on your circumstances. |
| Subsidies | If you have financial need, you may qualify for a subsidized loan for which the government pays the interest while you're in school on at least a half-time basis and during certain other periods. | These loans are not subsidized; therefore, you will be responsible for all the interest on your loans. | Private student loans are often not subsidized. In the case of an unsubsidized loan, you will be responsible for all the interest on your loan. |
| Credit check | You don't need to get a credit check to qualify for federal student loans (except for PLUS loans). For PLUS loans, the federal processor will check your credit before determining whether you are eligible | The federal processor will check your credit before determining whether you are eligible | Private student loans often require an established credit record or a cosigner. |
| Consolidation and refinancing | Loans can be consolidated into a Direct Consolidation Loan. Learn about your consolidation options. | Loans can be consolidated into a Direct Consolidation Loan. Learn about your consolidation options. | Private student loans cannot be consolidated into a Direct Consolidation Loan but may be refinanced. |
| Postponement options | If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments. | If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments. | You should check with your lender to find out about options for postponing or lowering your loan payments. |
| Repayment plans | There are several repayment plans , including an option to tie your monthly payment to your income. | There are several repayment plans , including an option to tie your monthly payment to your income. | You should check with your lender to find out about your repayment options. |
| Prepayment penalties | There is no prepayment penalty fee. | There is no prepayment penalty fee. | You need to make sure there are no prepayment penalty fees. |
| Loan forgiveness | You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs. | You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs. | Although many private lenders do not offer loan forgiveness programs, some student loans from state agencies can be forgiven in certain circumstances. |

By signing this statement, I confirm that I have been counseled that the Federal Direct Loan (Subsidized and/or Unsubsidized) may be a better loan option than private educational loans. I am requesting that the Financial Aid Office process only my private loan through the intended lender of _____ **(please indicate name of lender).**

| | | |
|------------------|-------------|-------------------|
| | | |
| Signature | Date | Campus Key |

School (circle one) **SKMC** **JCLS** **JCHP** **JCRS** **JCN** **JCP** **JCPH**

Please return form to: University Office of Student Financial Aid
 1015 Walnut Street, Suite 115
 Philadelphia, PA 19107