Texas Extra Credit Education Loan | Program Footnotes

Texas Extra Credit Education Loan | Program Footnotes [1] The initial credit review is based on review of all the information you and your cosigner (if applicable) provide during the application process and the information obtained from your credit report(s). If you pass the initial credit review, you will need to provide acceptable documentation such as your income verification and Applicant Self-Certification Form and we will need the certification from your school before the final loan approval. [2] The current variable interest rate ranges from 2.74% to 9.24%, in effect as of 10/01/2020. The applicable interest rate for each calendar quarter shall be based on the three (3) month LIBOR (London Interbank Offered Rate) as published in The Wall Street Journal on the 16th day of each December, March, June, and September and references the 3-Month LIBOR rate in effect on the 15th day of that month rounded to the nearest basis point (0.01%). The variable interest rate and Annual Percentage Rate (APR) may be higher depending upon (1) the student's and cosigner's (if applicable) credit histories (2) the repayment option and loan term selected, and (3) the requested loan amount and other information provided on the online loan application. The variable rate may increase or decrease if the LIBOR index changes or as required by law or if you request and qualify for the ACH reduction benefit(s) or Graduation reward. Repayment terms and options available may vary depending upon the amount borrowed. If approved, applicants will be notified of the rate qualified for within the stated range. The LIBOR index for the current calendar quarter is 0.25%. APRs range from 2.49% (With Auto Pay Discount[6]) to 8.414%. The APR reflects the estimated total cost of the loan, including upfront fees, accruing interest and the effect of capitalized interest. The low APR example assumes a $10,000 loan made in two disbursements with immediate repayment, a monthly principal and interest payment of $94.22 (there is a minimum monthly payment of $50), a 10-year repayment term (120 months), no origination fee, a 0.25% interest rate reduction for payments via auto pay[6]and a 2.74% interest rate. The high APR example assumes a $10,000 loan made in two disbursements with full deferment while in school (up to 66 months), a monthly principal and interest payment of $153.95 (there is a minimum monthly payment of $50), a 15-year repayment term (180 months), no origination fee, and a 9.24% interest rate. [3] The current fixed interest rates range from 4.49% to 10.99%, in effect as of 6/15/2020. The fixed interest rate and Annual Percentage Rate (APR) may be higher depending upon (1) the student's and cosigner's (if applicable) credit histories (2) the repayment option and loan term selected, and (3) the requested loan amount and other information provided on the online loan application. If approved, applicants will be notified of the rate qualified for within the stated range. APRs range from 4.24% (with Auto Pay Discount[6]) to 9.834%. The APR reflects the estimated total cost of the loan, including upfront fees, accruing interest and the effect of capitalized interest. The APR examples (lowest and highest) assume a $10,000 loan disbursed over two transactions. The lowest current APR is based on a 10-year repayment term (120 months), an immediate repayment plan, monthly principal and interest payments of $102.39, a 0.25% interest rate reduction for payments via auto pay[6] and a 4.24% interest rate. The highest current APR is based on a 15-year repayment term (180 months), a deferred repayment plan with a deferment period of 60 months upon initial disbursement, a six-month grace period before repayment begins, monthly principal and interest payments of $181.29 and an 10.99% interest rate. The fixed interest rate assigned to a loan will never change except as required by law or if you request and qualify for the ACH reduction benefit(s) or Graduation reward. Repayment terms and options available may vary depending upon the amount borrowed. [4] Program loans may be used to cover educational expenses for academic periods that end up to 90 days prior to the application date. [5] Student borrowers who earn a bachelor's degree or higher will receive a 0.25% interest rate reduction if (a) they have made no more than one (1) late payment (more than 10 days late) on the loan, (b) they request the benefit from the servicer within one (1) year after graduation, and (c) they provide proof of graduation to the servicer. The student must request this benefit via phone or mail and must provide either a certified copy of a diploma or a certified transcript. Upon the servicer's review and acceptance of the student's documentation, the servicer shall send a confirmation letter stating that the graduation benefit has been granted. [6] An interest rate reduction of 0.25% is available for borrowers who make monthly electronic funds transfer (EFT) payments of principal and interest from a savings or checking account. To qualify, the borrower needs to arrange with the loan servicer to automatically deduct monthly principal and interest payments from a bank account. The automatic payment benefit will discontinue and be lost for the remaining repayment period in the event any three payments are returned for insufficient funds over the life of the loan. This benefit is not available for interest payments made during the deferment period for the Interest Only Repayment option. This benefit may be terminated during deferment and forbearance periods, but can be re-established if borrower reapplies at the end of the deferment or forbearance period. [7] Request for the cosigner to be released can be made after the first 24 consecutive, on-time monthly payments (not later than ten days after the due date) of principal and interest have been made. At the time of request for cosigner release, the student borrower must (a) meet credit criteria in place for cosigner release, (b) be currently enrolled for automatic deduction of monthly payments from a savings or checking account at the time of the cosigner release application, and (c) must have had at least one payment deducted electronically from such bank account prior to the time of the cosigner release application. Lump sum payments will count as a single payment. If the borrower is granted a forbearance or makes a lump sum payment in excess of the monthly payment amount during the first 24 months of the Repayment Period that permits the borrower to skip one or more scheduled monthly payments, the borrower may lose the ability to qualify for the Cosigner Release Benefit. [8]If the student borrower should die while enrolled at least half-time at an eligible institution, and the Loan is not in default, the student Borrower's estate and each Cosigner (Cosigner's estate, if applicable) will be released from the Loan and the Servicer shall write down any outstanding principal and accrued interest balance on the Loan to a zero balance if the Servicer receives acceptable proof of death and proof of enrollment at an eligible institution at the time of death. If the student Borrower dies and the Loan is cosigned and does not qualify to be written down to zero, the Loan will be charged off and the Cosigner (or Cosigner's estate, as applicable) will be released from any further obligation. The Servicer may attempt to file a claim against the student Borrower's estate for any unpaid debt under this Credit Agreement. Any payments received from the student Borrower's estate, less collection costs, will be applied to all applicable Loan(s). If a Cosigner dies, the Servicer will continue to service the Loan in accordance with the Credit Agreement as the student Borrower is still obligated to the debt. The Servicer may attempt to file a claim against the Cosigner's estate for any unpaid debt under this Credit Agreement. Any payments received from the Cosigner's estate, less collection costs, will be applied to all applicable Loan(s). If the student Borrower, Cosigner, or any of their respective estates are released from obligations under this section, no refund will be paid for prior payments made on the Loan. [9]In the event a student Borrower becomes Totally and Permanently Disabled, the student Borrower, or his/representative, may contact the Servicer by phone or mail to request information regarding the Lender's Total and Permanent Disability (TPD) discharge. Any Loan that has not previously become a charged off Loan or that is not currently in default may be discharged due to the student Borrower's Total and Permanent Disability, as defined by the Lender's TPD Terms and Application. The definition of TPD, the application form for a TPD discharge, the required supporting documentation, and other terms, limitations, conditions and requirements for a TPD discharge ("TPD Terms") can be obtained by contacting the Lender or Servicer by phone or mail. The Servicer must receive a completed TPD Application within the timeframe stated within the application that complies with the requirements set forth by the Lender, the Servicer shall write down any outstanding principal and accrued interest balance on the Loan to a zero balance (if the Loan has a Cosigner, the Cosigner's obligation to the Loan will be canceled). For additional information regarding TPF or to request and application, contact the Loan Servicer.

Frequently Asked Questions

Loan Information

Why does a cosigner help?

Applying with a cosigner who has good credit and income can help you satisfy credit criteria and may increase your chances of passing the initial credit review and receiving a lower interest rate. Most students will need a cosigner to qualify. In a cosigned application, both you and your cosigner intend to (a) jointly apply for credit and (b) be jointly liable for the requested loan.

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How much can I borrow?
The minimum loan amount is $1,000 and the maximum you can borrow is determined by the school you are attending, but is limited to the lesser of your cost of attendance less other aid or $65,000. The maximum aggregate loan limit is $150,000, inclusive of all student loan debt.

Are there out-of-pocket fees for obtaining this loan?
No, there are no origination or disbursement fees.

What factors are used in the initial credit review?
The initial credit review considers all of the information you and your cosigner (if applicable) provide during the application process, and the information obtained from your credit report. If you pass the credit review, we will need to receive your income verification, school certification, and Applicant Self-Certification Form before final loan approval.

Credit Information

Why is a credit check necessary?
The credit check serves two main purposes. First, it is used to verify the identity of all people signing the application. Second, it's used for qualification purposes and helps us offer you the best pricing we can based on your credit history.

What if I have no credit history?
Students can apply with a cosigner to help meet creditworthiness guidelines and increase their chances of passing the initial credit review. If a student does not have credit history, we recommend applying with a cosigner who does.

Application Information

Do I need to apply for Federal Aid before applying for this loan?
We suggest you exhaust all Federal aid, grants and scholarships before applying for this loan. Completion of the FAFSA however, is not a requirement for the Texas Extra Credit Education Loan.

Personal & Financial Information

Why is my Social Security number needed?
We use your Social Security number to verify your identity and to check your credit history.

What is the difference between a U.S. Citizen and a Permanent Resident?
U.S. Citizen - A person who was born in the United States, including the lower 48 states, Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands; or who became a citizen through naturalization; or who was born outside the United States to U.S. Citizen parents under qualifying circumstances (derivative citizenship) and who has not renounced U.S. citizenship.

Permanent Resident - Any person not a citizen of the United States who is residing in the U.S. under legally recognized and lawfully recorded permanent residence as an immigrant. Also known as "Permanent Resident Alien," "Lawful Permanent Resident," "Resident Alien Permit Holder," and "Green Card Holder."

What is the difference between permanent address and mailing address?
Your permanent address is the location that you consider to be your primary place of residence (like your parents' or guardian's address). Your mailing address is wherever you want to receive all of your loan documents.

Why do you need a personal reference from me?
We need a personal reference as an additional means of contacting you during the servicing of your loan. If we are not able to reach the student or cosigner on the loan we will contact your personal reference.

Who can I use as a reference?
Your reference can be anyone over the age of 18, as long as he or she is not living at the same address as you. If you are applying with a cosigner, you cannot use him or her as your reference, nor can your reference live at the same address as your cosigner. Lastly,

you and your cosigner cannot use the same reference.

What qualifies as income?
Primary sources of income typically reflect employment earnings, but may also come from other sources such as retirement or rental income. Your spouse's income is not an eligible source of income.

Why is the program only offered to Texas residents?
Higher Education Servicing Corporation administers its Texas Extra Credit Education Loan program under the authority provided to it in Chapter 53B of the Texas Education Code, which limits our program to serve only Texas residents.

Repayment Information

Is there a penalty for pre-payment or paying the loan off early?
No, you can pay your loan off early regardless of your repayment terms without any penalty. You will only be charged the amount of interest that has accrued on the loan until the day the loan is paid off.

Which repayment type should I choose?
Making payments of any type during the in-school period can significantly reduce the total cost of your loan. If you select a repayment type that requires an in-school payment, all payments must be made on time during the in-school period.

TARRANT COUNTY'S CREDIT UNION

10/5/2020