

## Alternative/Private Loan Information Form

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Alternative/Private Educational Loans are funds from private lenders borrowed by the student, in their own name, to help cover educational costs. Students may want to consider an alternative/private loan when federal, state, and/or institutional financial aid is not enough to cover the student's cost of attendance (COA). (The COA is comprised of: tuition and fees, room and board, books, transportation and miscellaneous expenses.) Your financial aid package (including alternative/private loans) cannot exceed your estimated COA. Lenders determine approval, interest rate (variable or fixed), if co-signer is needed and when repayment begins (immediately or 6 months after graduation or when half-time enrollment ceases).

### Eligibility Requirements

Please remember that these loans are from private sources and not funded by the federal government. Instead, they are commercial loans offered directly by banks and lenders, who may offer terms and conditions that vary greatly from those offered for Federal Student Loans. Alternative/Private student loans usually require a credit check and a low debt-to-income ratio, and students with little to no credit history often need a cosigner. Also, the interest rate for private loans can vary based on the borrower's credit score. Additional information and documentation may be requested of you, and loan approval will partly depend on your prompt response in submitting the requested information. Unlike Federal Direct Stafford Loans, applicants must be deemed "credit worthy" by the lending institution to be eligible for alternative/private loan funds.

### How do I apply?

You apply directly online. Applications and additional information about these programs are available on Ursuline College's Financial Aid website in the *Loan Information* sections – start at <https://choice.fastproducts.org/FastChoice/home/313400/1> - you may choose a lender different from those listed on our website – these are just a few to get you started.

#### **When comparing these loan programs, you may want to consider the following:**

*How quickly will I know if I qualify?*

*Can I apply online?*

*What is the interest rate on the loan? Is it fixed or variable?*

*Are there processing fees?*

*Must I have a co-signer? And what are the advantages of having a co-signer?*

*Can I defer the principal payments of the loan while I'm in school?*

### How much should I borrow?

How much a student borrows depends on what the student's expenses are and the amount of other financial aid they are receiving. Alternative/Private loan proceeds may be used for books and transportation expenses as well as tuition, fees, room and board. If you are unsure of how much to borrow, use the current **Tuition Expense Worksheet** located online under Financial Aid Forms to help estimate how much you will need. The maximum amount you may borrow is based on your COA. If you would like assistance in determining how much you would owe or to know your maximum borrowing limit, please contact the Student Service Center.

### The Disbursement Process

Alternative/Private Loan funds are delivered through Electronic Funds Transfer (EFT) at the beginning of each term. The funds are first applied to any outstanding charges on the student's account. If this produces a credit balance, then a refund check will be issued to the student. Once processed, refund checks are available for pick-up in the Student Service Center.

### Office of Financial Aid