

# Instructions for Applying for an Alternative (Private) Student Loan

An Alternative Loan, or Private Student Loan, is a private loan option available to you, the student, to help cover a gap between your expenses for college and your financial aid. A private loan is a non-federal educational loan that you borrow from a private lender. These loans are in the student's name, and therefore the student (not the parent) is required to complete all the necessary loan steps.

## Explore your Federal Options First!

Before choosing an alternative loan, you should exhaust your federal loan options first. Federal loans like Stafford Loans and Parent PLUS loans may offer better interest rates, terms, and repayment options. If you haven't already done so, you should file and submit a FAFSA so our school can determine your federal loan eligibility. If you or your parent has questions about the federal loan options, please call or visit our office.

## What Should I Know about Private Loans?

Private loans are options that you secure on your own from a private lender. While we encourage you to conduct your own research, we do offer a list of lenders that our students have used in the past. You can begin your search by visiting our website at: <https://choice.fastproducts.org/FastChoice/home/383200/2>. This, in addition to checking with your own bank, are good starting places to look for lenders. **NOTE:** We cannot recommend specific lenders.

Most private lenders will require you to meet specific criteria depending on the loan you select. For example, you may be required to be enrolled at least half-time in a degree program, and meet your school's Satisfactory Academic Progress (SAP) standards. Be sure that you meet the requirements of the loan you choose.

To determine eligibility for a private loan, lenders will look at the debt-to-income ratio of the borrower. For this reason, many dependent students may be required to have a credit worthy cosigner. A cosigner is a person (often times a parent or relative) who allows the lender to use their credit history to secure the loan. **NOTE:** Having a credit worthy cosigner may also reduce the interest rate on the loan. The cosigner and student borrower share the responsibility to repay the loan.

## What Should I Ask a Private Lender?

You should ask as many questions as possible to feel comfortable that you are making an informed decision. Some questions you should consider asking include:

- Will I need a cosigner?
- What is the interest rate?
- Will I need to make payments while I'm in school?
- Are there limits to what I can borrow?
- Does the lender offer electronic payments?
- Does the lender offer any incentives?

## How do I Apply?

In most cases, you will apply online with the lender you choose. **\*\*Be sure to request your loan for the correct period of time.** For example, apply for a semester-only loan (Aug-Dec or Jan-May) if you want to cover a semester balance. Apply for an annual loan for the year (Aug – May) if you want to cover the balances for an entire school year.

## What Happens Next?

Once you complete your application, you will receive a series of disclosures that provide you information about your loan. They include:

- **Application for Solicitation Disclosure-** provides the range of interest rates, fees and other terms of the loan.
- **Approval Disclosure-** contains the specific information about your loan. In most cases you have 30 days to accept the loan offer. Once accepted, the lender will send you a promissory note to sign.
- **Self-Certification Form-** the lender will ask you to complete this form to provide information about your school.
- **Final Disclosure-** this is presented to the borrower after the loan is accepted and the required documentation is on file with the lender. This disclosure is made 3 days before the loan is disbursed. The loan cannot be disbursed until the 3 days have expired. The borrower may cancel the loan within this period. **NOTE:** This is also referred to as the 3-day Right to Cancel Period.

Once all the above steps are complete, the lender will send funds to the school listed on the Self-Certification Form.