

Private Alternative Loans

Financing the cost of a college education can be a complex task. There are a number of options available to assist families who are in need of a way to bridge the gap between what their financial resources will allow and the cost of higher education. There are various private alternative loans via which a student may borrow additional funds for their education.

- Alternative Loans are loans that help assist students who may be in need of further financial assistance for their educational costs.
- Alternative Loans are available through private lenders/institutions.
- It is important to research federal loan programs, scholarship opportunities, grants and Work-Study programs available to you before you borrow from a private loan program. For more information about federal loan programs, Please visit <https://studentloans.gov> to learn more.
- We recommend that you explore financial aid options before you look at private lenders, but if you would like to learn more about private lenders then please visit <https://borrowsmart.afford.com>.
- Always borrow conservatively and only borrow what you need.

Points to Consider

Annual Percentage Rate

- Annual Percentage Rate (APR) - The annual percentage rate is the annual cost of your loan including the effect of any fees and charges in addition to interest. The APR is determined based on the term of the loan.
- Make sure you compare like loan amounts when you compare APRs to receive a true comparison.
- A rate may be variable and in that case the rate will change during the life of the loan.

Response Time

- In most cases you are informed within the same day of the submitted application.

Repayment Terms

- Look for a lender that has generous repayment offers and no pre-payment penalties.

Repayment Period

- Find a lender that offers an incentive such as co-signer release and a reduced interest rate with automatic deduction of payments.

Loan Limits

- It is a good idea to borrow from the same lender each year. Aggregate limits vary on the cost of attendance of the higher learning institution. It is also a good idea to only borrow what you need to cover the costs of attendance.

Interest Capitalization

- Interest may be capitalized annually; if the lender capitalizes interest then it may be more expensive to repay the loan at the time of repayment. Look for loans that do not capitalize the interest.

Service

- Look for a lender that offers an easy to use application process, whether that is web-based or print. Also inquire about combined billing and if there is an 800 number that you can call whenever you may have questions about your loan.

Loan Self-Certification

Beginning February 14, 2010, institutions are required to provide the Self-Certification form, and the information needed to complete the form, to an enrolled or admitted applicant (or to the parent applicant of an enrolled or admitted student) upon the applicant's request for a private education loan Self-Certification form. An exact copy (pdf) of the Self-Certification form is located on the Faulkner State Web site for applicants to download or a student can request a Self-Certification Form from the financial aid office.

Alternatively, the applicant may obtain a copy of the Self-Certification form from the private educational loan lender and submit it to the institution for completion or confirmation. An institution is not required to track the status of the private education loan after providing the Self-Certification form to the applicant or to the private lender.

The information provided to the student is for Section 2 of the form, to the extent that the institution possesses the information. Section 2 of the Self-Certification form requests the following information:

- The student's Cost of Attendance (COA) for the period of enrollment to be covered by the loan;
- Any Estimated Financial Assistance (EFA) for the period of enrollment to be covered by the loan;
- The difference between the COA and EFA.

Note a Private loan can't be processed until the student has completed and submitted the self-certification form.

Faulkner State Community College is not able to recommend, promote, or endorse any specific loan products or lenders.