

## Private/Alternative Loans: get answers



A college education is more important than ever today, yet paying for one can be a challenge for many students and their families.

Alternative loans, also known as private loans, can help you pay college expenses that may not be covered by federal loan programs or other financial aid. These loans are one way to provide additional funds to close the gap between your financial aid resources and college costs.

Although you do not need to apply for federal, state or school financial aid before applying for a private loan, you should. Private loans typically carry higher interest rates and fees than federal loans. In addition, many private loans have features and benefits similar to federal Stafford loans for students and federal PLUS loans for parents, but not all.

Private loans are offered by a variety of lenders and carry a range of terms, conditions and benefits.

Here is a list of questions to ask when looking for an alternative loan.

	LENDER'S NAME	LENDER'S NAME	LENDER'S NAME
<p><b>Eligibility</b></p> <ul style="list-style-type: none"> <li>▶ What are the minimum and maximum loan amounts offered per year and cumulatively?</li>   <li>▶ Is the amount you are eligible to borrow tied to school costs and other financial aid received?</li>   <li>▶ What is the approximate time it takes to obtain a decision for loan approval?</li>   <li>▶ Are there any minimum enrollment requirements? If so, what are they?</li>   <li>▶ Are there any satisfactory academic progress requirements? If so, what are they?</li>   <p>Since private loans are often based on credit, you should also ask:</p> <li>▶ What are the credit criteria for loan approval? Do they include a debt-to-income ratio or other income requirements?</li>   <li>▶ What is considered "poor credit"? Is no credit considered "poor credit"?</li>   <li>▶ What steps will the lender take to help qualify borrowers with "poor credit"?</li>   <li>▶ Are co-signers an option or a requirement? Under what conditions are they required?</li>   <li>▶ Is there an option to release the co-signer at a later date? If so, what are the conditions?</li> </ul>			





LENDER'S NAME

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### Service

After originating a loan, the lender can keep the loan until it is paid in full, sell it to a secondary market or keep it and contract with a servicer to manage the day-to-day details of tracking and collecting loan payments.

▶ When are the loan funds disbursed?

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▶ Is online access an important feature to you? If so, do you have online access to the application process and for account inquiry?

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▶ Will both your private loan and your federal loan be serviced at the same location and on the same system?

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▶ Will both your private loan and federal loan be sold or transferred at the same stage in the life of the loans?

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▶ Who do you contact for questions about your loan?

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▶ Can the lender combine your private and federal loan payments into one bill?

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### Where do I go for more information?

Many banks, savings and loans and credit unions offer private loans. You can also find more information on the Internet. Be sure to keep this brochure handy when doing research.



P.O. BOX 419045  
Rancho Cordova, CA 95741-9045

Toll free 877.2EdFUND  
(877.233.3863)

[www.edfund.org](http://www.edfund.org)