

Alternative (Private) Education Loan Information

What are Alternative (Private) Student Loans?

Alternative or private student loans are specialized college student loans that help students and their families cover the cost of attendance at their choice of educational institution when the student may not qualify for financial assistance through the Federal Student Aid Program. You must be a U.S. citizen or a permanent resident and be enrolled at least half-time in a degree seeking program to qualify for an alternative (private) student loan. Alternative (private) student loans may be used for any education-related expenses including tuition, books, transportation, and room and board. You may apply for an alternative (private) loan at any time prior to the end of the enrollment period, or in conjunction with the institution's specified certification dates. Approval is based on your (and/or your co-signor's) credit. Interest rates are generally higher with alternative loans, but applying with a co-signor may increase your chances of approval and potentially lower your interest rate. Please remember, however, that alternative loans should be considered loans of last resort. It is extremely important that you keep your loan limits within reasonable amounts; never borrow more than you believe your future earning potential will allow you to repay.

Who Should Consider Alternative (Private) Student Loans?

Alternative (Private) student loans may be an important source of funding for students who are in one of three unusual situations at PRCC, either 1) ineligible for federal student aid, 2) in need of loan funding beyond that which federal programs permit during the year, or 3) owe a balance to Pearl River Community College which occurred in a prior academic year (prior to July 1, 2010). In the case of the upcoming 2010-2011 academic year, a prior year balance would be any balance on a student's Business Services account that was incurred prior to July 1, 2010.

As of July 1, 2008, federal legislation prohibits an institution from using financial aid funds from a current academic year to pay a prior year balance in excess of \$200.

How do I process an Alternative (Private) Student Loan application?

1. Make sure you have completed the **FAFSA** and you have exhausted all other financing options first, if eligible.
2. Consider applying with a willing, creditworthy co-signer, as doing so will likely increase your chances of approval and potentially lower your interest rate.
3. You must choose the Lender of your choice for your Alternative (Private) Student Loan that provides the product that best suits your eligibility and needs. It is your responsibility to contact a Lender and to seek this information. **Contact the Office of Financial Aid at PRCC if you need assistance in contacting a Lender.**
4. Submit the completed Self-Certification Form to the Lender of your choice.
5. The lender with whom the student and/or co-signer apply will conduct a pre-approval credit investigation and notify the applicant(s) as to approval or denial. If approved by a lender for a Private Student Loan, the student and co-signer will need to review the Master Promissory Note (MPN) for accuracy, sign, and return to the lender. However, most lenders offer an e-sign option online.
6. Loan proceeds will be sent directly to PRCC. The proceeds will be applied to the student's account in Business Services to clear any balances, and remaining funds will be direct deposited or mailed directly to the borrower if direct deposit is not setup through Business Services.



Alternative (Private) Education Loan Disclosures

Regulation Z Requirements

Alternative (Private) Loan Regulations (Title X of the Higher Education Opportunity Act)

As of **February 14, 2010**, both alternative (private) lenders and institutions offering alternative (private) loans to students must comply with a new set of regulations per the Federal Reserve Board.

Under the new laws, a lender offering alternative (private) loans for postsecondary educational expenses must **first** provide a disclosure about loan terms and features at the time of application and must disclose information about federal student loan programs that may offer less costly alternatives. If the initial application reaches an approval status, a **second** loan disclosure statement must be provided to the student at that time. If a student accepts the loan terms provided in the second disclosure statement, a **third** final disclosure must be provided when the loan is finalized by the Lender.

An additional piece of the new alternative (private) loan regulations requires an applicant to complete a “self-certification form” and return it to the lender before they may disburse the loan to the school. The “self-certification form” may be found on the lender’s website, or you may download the appropriate form from the PRCC Financial Aid Website, print, complete, and return it to your lender. If you need assistance completing the form, please visit the Office of Financial Aid at PRCC.

Each alternative (private) lender may have a slightly different application process, so it is best to contact your alternative (private) loan lender directly if you have any questions.

Last, a lender must provide the student with a 3 day rescission or “right-to-cancel” period after the final loan disclosure form is sent to the student. The 3 day rescission period means that once the school has certified your loan and it is ready to be disbursed, there is a mandatory 3 business day waiting period before the lender may disburse loan funds to the school. If a lender only offers a mailed Final Disclosure (not online), then they must wait 6 days to disburse the loan to the school (3 days for mail time and an additional 3 day “rescission or “right-to-cancel” period).

Below is an example of what to expect if you apply for an alternative (private) loan:

- Apply online through your chosen Lender (you will receive the Application Disclosure Statement)
- Complete the Self-Certification Form and return to your lender
- If approved for the loan, you will be provided an Approval Disclosure Statement from your Lender
- Finally, you will receive a Final Disclosure Statement from your Lender (allowing you up to 3 days to cancel the loan before it is disbursed to the school from your Lender)

If you have any questions related to the new regulations, please visit the Office of Financial at Pearl River Community Office.



Alternative (Private) Loan Providers and Phone Numbers

Listed below are alternative (private) lenders, with their respective contact phone numbers, of which the Office of Financial Aid at Pearl River Community College is aware participates in the private lending program. You may also wish to contact your own bank to ask if they offer an alternative loan program for private customers. It is against federal law for any member of the Office of Financial Aid staff to assist you in choosing a lender. It is recommended, however, that you contact several lenders before making your final decision to determine which of the providers listed below offers you the best options regarding your lending needs.

Please remember that alternative loans are loans of last resort. If you qualify for federal student aid, it is recommended that you exhaust all other forms of eligibility for federal aid first, before applying for a more expensive alternative (private) loan. It is also extremely important that you keep your loan limits within reasonable amounts; never borrow more than you believe your future earning potential will allow you to repay.

Wells Fargo	1-800-378-5526
Sallie Mae	1-888-272-5543
Discover	1-877-728-3030
Citi	1-800-STUDENT
SunTrust	1-866-763-6350
edamerica	1-800-337-1009

