

## Private Education Loans

Before applying for a private or alternative education loan, you may qualify for grants and/or other assistance under Title IV of the Higher Education Act. Loans under Title IV include the Federal Stafford and the Federal PLUS loan. These Title IV loans may have terms and conditions that are more favorable than the terms and conditions of private education loans. The more favorable terms of federal loans generally include the interest rate, fees, and repayment options such as deferments and forbearances. In addition, Federal loans may be eligible for loan repayment, loan forgiveness, or discharges due, for example, to total and permanent disability or to death.

All students are strongly encouraged to complete the [Free Application for Federal Student Aid \(FAFSA\)](#) each year. By completing the FAFSA, you are applying for federal and state aid including Pell Grants, Stafford Loans, and other federally funded campus need- and/or merit-based aid. Parents of dependent students, as well as graduate students, may also apply for Parent Plus or Graduate Plus loans.

In addition to the federal student loan programs, there are private, non-need-based loans that you and your parents can use to help pay for educational expenses. Since these loans are not subsidized by the federal government, they usually have a higher interest rate to the borrower and should only be considered as a last resort.

A private alternative loan is typically issued in the student's name and most often requires a credit-worthy cosigner, who is a U.S. citizen or permanent resident. Maximum loan amounts, loan terms, borrower qualification, repayment schedules, and interest rates vary among lenders. Repayment of principal and interest may be deferred in most cases. Having a credit-worthy co-signer will likely reduce the cost of the loan (interest rate, fees, etc.) Be aware that the co-signer is fully responsible for repaying the loan should the borrower stop making payments. There are some alternative loan products that offer a co-signer release option after a specified number of on-time payments are made and the borrower is credit-worthy.

### **Private Alternative Loan Considerations**

- Apply with a credit-worthy co-signer: Applying with a co-signer may provide you with an increased chance of approval and more competitive rates.
- Borrow only what you need to meet your educational costs.
- Do your research. Ask questions of your lender and find out which loan will benefit you the most.
- Be aware of interest rates, fees, and repayment terms before completing the application and promissory note.
- Monitor your total indebtedness to be sure you will be able to repay with interest.
- Co-signers are equally responsible for repayment of the loan and their credit is equally affected.

As part of the application process, students will be required to complete the Private Education Loan Applicant Self-Certification Form available through their lender's website. Students may

also download and print a copy of the [form online](#). Information needed to complete this form, such as cost of attendance and estimated financial assistance may be obtained via the Financial Aid Portal

Per Higher Education Opportunity Act regulations, lenders are required to provide borrowers with a three-business-day right-to-cancel period after the final disclosure of a private student loan. In addition, lenders are required to add an additional three business days for a borrower to receive the final disclosure. In most cases the disbursement process, which in itself may be another three-day process, will begin on the eighth day. Borrowers should keep this timeline in mind if they are planning to use loan proceeds for other educational purposes.

You have the right to select the alternative lender of your choice. We encourage you to compare borrower benefits offered by any participating lender before deciding which lender to use. An alternative loan is an agreement between the borrower, co-signer (if any) and the lender. Cheyney University of Pennsylvania cannot be held liable if the borrower is dissatisfied with the interest rates, other terms and/or service provided by the lender.

Borrowers are encouraged to review the terms and conditions of each program prior to selecting a lender. You are not required to borrow from one of the loan programs listed below. Your choice of a lender other than those listed will not result in the denial or a delay of processing. Upon application, the lender of your choice will forward a certification request to the Financial Aid Office.