

Graduate Students: Alternative Loan Information

What Is An Alternative Loan?

An alternative loan is a loan that is borrowed through a bank or corporate lender and requires a separate application. Lenders will conduct a credit check to determine if you qualify. Interest rates, fees, repayment and other options available vary from lender to lender, along with the aggregate limit they are willing to loan to a student. Please make sure to read the application and promissory note carefully. It will provide you with information regarding interest rates, fees, repayment and grace periods. If you have any questions, call the lender or check their web site. Web sites offer helpful information, as many list the interest rates for their particular loan and whether any fees will be assessed. Before you complete an alternative loan application, you should clearly understand the terms and conditions of the loan.

Why An Alternative Loan?

If a gap exists between your cost of attendance budget and the other aid awarded, you will have additional estimated loan eligibility listed on your notification of eligibility. If the amount of the other aid that you have been awarded will not be enough for you, you have the option of applying for an alternative loan or Federal Direct Graduate PLUS loan (see the cover letter that was received with your 'Notification of Eligibility').

If approved, the alternative loan funds become part of your financial aid package. If the total amount of your aid exceeds your tuition and fees, you would then receive a refund to assist you with living expenses, books and supplies. It is important to get started on the application process as early as possible. Processing time for most applications are typically 3-4 weeks.

How Do I Apply?

Alternative loans require a separate application and approval process. Select a lender of your choice and apply with them directly. Due to federal regulations regarding Preferred Lender Arrangements, OHSU does not have a preferred lender list. Research several lenders to determine which loan meets your specific needs. You can only apply for up to the amount of eligibility listed on your 'Notification of Eligibility'. The OHSU Financial Aid Office must certify the amount that can be borrowed and the disbursement dates of the funds. If you are completing a paper application, you will need to bring the application to the Financial Aid Office for completion. For online applications, the lender will request certification from us directly.

Keep written records of all forms, application, and correspondence with your lender, especially regarding discounts and special deals, for the entire life of the loan.

How will I Receive the Funds?

Alternative loan funds will be sent to the Financial Aid Office. If funds are electronically received or checks are made out to OHSU only, they will be applied to your account like other financial aid funds. If the alternative loan is made out to you or to OHSU and you, then you will need to endorse the check so that it can be applied to your student account. The Financial Aid Office will contact you each quarter when the check is ready for you to sign. The Financial Aid Office sets up disbursement dates to coincide with term start dates, but the date you receive the funds can vary depending on when funds are received and can be applied to your account.

Important things to consider when selecting the right lender and private loan for you:

- What are the enrollment requirements for the loan? Do you need to be full time, at least half time, or could you be less than half time?
- Understand the ultimate cost of the loan over its lifetime. Compare annual percentage rates (APR) vs. interest rates and fees to determine the real cost of the loan.
- What is the lowest interest rate and fee combination that they offer? How can you qualify for it? Is the rate for a limited period (an introductory rate), or for the duration of the loan?
- If the interest rate is variable, is there a limit on how high the rate can go? How often is it adjusted, and how is it determined?
- **What are the repayment terms? When do you begin making payments?** Know what monthly payments will be upon graduation or leaving school and how that will affect your lifestyle after college. Determine how long you will be repaying the loan. Is there any penalty for paying off the loan early?*
- Find out what the 'borrower benefits' really mean to you. How is each benefit achieved and how are they kept throughout repayment? What happens if you miss an 'on-time' payment? Will you lose the on-time payment discount if you ask for a change in the payment schedule? What proportion of the borrowers actually qualify for borrower benefits?
- Are there forbearance and deferment options? Understand what additional costs these options may have for you. If you have difficulty making payments ('economic hardship'), do they allow you to defer or reduce payments temporarily? Under what circumstance and for how long?
- How does the lender capitalize interest? (i.e., once repayment begins or quarterly while you are in school?)
- Is there an aggregate limit maximum that they will allow to be borrowed?
- **For the self-certification form that you will complete with the lender:** your Cost of Attendance is listed as 'budget' on your Notification of Eligibility, your estimated aid would be all funds except for the estimated additional loan eligibility listed on the notification.

***Please keep in mind that these loans do not have the same repayment & cancellation options that are available for federal student loans.**

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