

# Alternative Loan Information for Undergraduate Students

## 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 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, which will provide you with information regarding interest rates, fees, repayment and grace periods. If you have any questions, call the lender or check their website. Websites offer helpful information, often listing the interest rates for the particular loan and any fees that may 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 awarded aid, you will have Estimated Alternative Loan eligibility listed on your award.

If approved, the alternative loan funds become part of your financial aid package. If the total amount of your aid exceeds the tuition and fee charges on your OHSU student account, you will receive a refund to assist you with living expenses, as well as books and supplies. It is important to get started on the application process as early as possible. Processing time for most applications is 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. We recommend that you 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 award. 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 OHSU Financial Aid Office. If funds are received electronically 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. We will contact you each quarter when the check is ready for you to sign. Disbursement dates are set up 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 enroll at full-time status, 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 offered 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 for you. How is each benefit achieved and how is it 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 (often referred to as “economic hardship”), will the lender allow you to defer or reduce payments temporarily? Under what circumstance and for how long?
- How does the lender capitalize interest? For example, is it 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 on the Accept Award Offer tab and your estimated aid would be all funds listed under Award Decision on the same tab, except for the Estimated Alternative Loan.

**\*Please note: these loans do not have the same repayment and cancellation options that are available for federal student loans.**

Oregon Health & Science University-Registrar & Financial Aid Office

3181 SW Sam Jackson Park Road, Mail Code: L109, Portland, OR 97239-3098

tel: 503.494.7800 or 800.775.5460 | fax: 503.494.4629 | email: [finaid@ohsu.edu](mailto:finaid@ohsu.edu) | web: <https://www.ohsu.edu/education/financial-aid>