

Alternative Educational Loans

Also referred to as Private Educational Loans

- Alternative Loans are educational loans from a private lender that help students who may be in need of further financial assistance for educational costs.
- Because these loans are from private institutions, they often have their own eligibility requirements.
- The Financial Aid Office recommends that students research federal aid programs, as well as scholarship opportunities, before borrowing from a private loan program.
- Alternative Loans may be a financial aid option for a student who is not meeting Satisfactory Academic Progress and is ineligible for federal financial aid programs.
- If a student chooses an Alternative Loan, he or she is urged to always borrow conservatively and only borrow what is needed.
- To view a listing of the lenders that LHU students have recently utilized, please visit <http://elmselect.com>

Points to Consider When Choosing a Lender

- **Annual Percentage Rate**-The annual percentage rate is the annual cost of your loan including the effect of any fees and charges in addition to interest. The APR is determined based on the term of the loan. An APR may be variable and in that case the rate will change during the life of the loan.
- **Response Time**-In most cases you are informed within the same day of the submitted application.
- **Repayment Terms**-Look for a lender that has generous repayment offers and no pre-payment penalties.
- **Repayment Period**-Find a lender that offers an incentive such as co-signer release and a reduced interest rate with automatic deduction of payments.
- **Loan Limits**-It is a good idea to borrow from the same lender each year. Aggregate limits vary on the cost of attendance of the higher learning institution. It is also a good idea to only borrow what you need to cover the costs of attendance.
- **Interest Capitalization**-Interest may be capitalized annually; if the lender capitalizes interest then it may be more expensive to repay the loan at the time of repayment. Look for loans that do not capitalize the interest.
- **Service**-Look for a lender that offers an easy to use application process, whether that is web-based or print. Also inquire about combined billing and if there is an 800 number that you can call whenever you may have questions about your loan.

Frequently Asked Questions for Alternative Loans

What is the interest rate on the loans and is it variable or fixed? Interest on a private loan may be variable (moving) or fixed. Depending on the lender you may find many options, which you should research before choosing a loan.

Will I need a co-signer? Yes, most students need a co-signer. It should also be noted that loans are subject to credit approval and is recommended to have a credit worthy co-signer.

What fees are associated with the taking the loan (is there an origination or backend fee)? Fees that are commonly associated with taking a loan from a private lender may vary depending on the lender. Backend fees are not attached to most private loans; however before you choose a lender you should research the fees that may be attached to taking out a loan.

Will funds be disbursed electronically or by paper check that I will need to sign? Funds are most commonly disbursed electronically. At LHU these funds are handled by the Student Accounts Office.

When does the interest begin accruing and when does the repayment begin? Interest will begin to accrue at the disbursement of the loan. In most cases you have the option of deferring the loan interest until you withdrawal or graduate.

What will my estimated monthly payment amount be? Your estimated monthly payment depends on the amount of the loan and the interest rate attached to the loan.

What repayment options are available? Repayment options vary depending on the loan you are approved to receive. Borrowers may have the option of full deferral, interest only and immediate repayment. Check with your lender to find out which options they offer.

If I am having difficulty making payments, what options do I have? Consolidation is a common option available to borrowers who have private loans. It allows borrowers the opportunity to refinance the loan, potentially secure a lower interest rate, and lower the monthly payments. Deferment options are also available. It is recommended that you contact your lender for a full list of deferment options.

If applying at a credit union, do I have to be a member? In order to apply for a loan from a credit union, you must be either a member or become a member.

LHU Financial Aid Office

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