Alternative Loans

An Alternative Education Loan will bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow in its programs.
Eligibility for alternative student loans often depends on your credit score. The application must be submitted and READY TO BE CERTIFIED in order to be processed. We strongly recommend you secure a completed application by the deadline given, in order to have your bill processed in a timely manner. If there are any changes that need to be made to your loan, refer to the **Alternative Loan Change Form** [1]. Keep in mind that processing time can take up to **10 business days** from receipt of a loan that is READY TO BE CERTIFIED for any type of request.

Reasons to Apply For an Alternative Loan

Due to the overall costs of college, some students choose to apply for an alternative loan when grants, scholarships, and federal guaranteed loans are not enough to cover the total costs. You may also wonder, “Is an alternative loan the best option for me." When thinking of alternative ways to pay for college always remember the old adage “Let the BUYER BEWARE." Although applying for alternative loans are much more attractive to apply for than a Stafford loan, with perks such as: No FAFSA, no UP FRONT Fees, and no payments due until after graduation; they still can carry an enormous interest rate. Keep in mind that a subsidized a Stafford loan can carry a fixed interest rate of 4.5% and a private loan rate can be in excess of 20% with the possibility of it being variable.

When trying to determine the best way to finance your education, you should consider each and every type of financial aid that is available. Be sure to only use Alternative Private Loans as a means to an end. Make sure you exhaust all sources of financial aid such as: your state's Department of Education, grants, scholarships, work study and federal student loans.

Research, Research and Research! Go to the lender's website. Call the lender's servicing department. Get to know the basic terms and conditions of these alternative loans. You will have the burden of up to 20 years to pays these loans off.

Also take into account as the years go by, the loan amount increases, and Interest stops for no one. Interest accrues at the time the loan is disbursed. Compare repayment incentives. Some lenders will give incentives of .25% reduction for going paperless, .25% reductions for auto pay, .50% reduction with a credit worthy co-signer, and a .50% reduction for graduation.

Make sure you know what the fees are UP FRONT. You could be signing your life away if you are not careful. Make sure that you READ your truth in lending statement and you Private Loan Self Certification Form. This statement will include how much you will actually pay in interest payments. With a loan amount of $20,000, you could pay an excess of $34,000 when everything is all said and done.

Although the economy seems to get worse with each passing day, there are still options when applying for alternative loans. Which lenders offer Alternative Loans? Click here [2] for the Alternative Loan Spreadsheet [2]

Delaware State University does not endorse any of these lenders or their products. We strongly suggest you do your own research to find the loan that is best for you.

Frequently Asked Questions:

I need an Alternative Loan. What should I do? [3]

My Alternative Loan is approved. What should I do now? [4]

Fixed or variable rate Alternative Loans: Which one should I choose? [5]

Source URL: http://www.desu.edu/financial-aid/alternative-loans

Links
[1] http://www.desu.edu/sites/default/files/u156/2014-2015%20Alternative%20Loan.pdf
[2] http://www.elmselect.com/link/query?schoolid=429
[3] http://www.desu.edu/sites/default/files/u255/I%20need%20an%20Alternative%20Loan%20%283%29.pdf
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