



## **Choosing a Private Alternative Loan Provider**

Carefully review the following questions when considering a private alternative student educational loan.

### **How much should I apply for?**

Before applying for a private alternative loan, carefully consider debt and repayment obligations on all loans. Determine how much you need to borrow by subtracting the value of your resources from your total educational cost. You can use the [first-year cost estimator tool](#) as a guide.

Borrow only what you need. Private loans must be repaid in addition to any federal loans you may borrow. If you're receiving other financial aid, the total amount borrowed through a private loan can't exceed your total educational cost minus all other financial aid.

Unsure how much to borrow? [Contact the Financial Aid Office](#) for assistance.

### **Which lender should I apply through for my private alternative loan?**

Each lender has different eligibility requirements, interest rates, fees, terms, and conditions. Do your homework and find the best option for you. Below are some key topics and questions that you can ask lenders when researching options.

#### **Eligibility Requirements:**

- Do I need to be enrolled at least half time?
- Do I need to be enrolled in a specific program of study?
- How will my credit rating affect my loan eligibility?
- Will I be required to have a cosigner?

#### **Loan Fees:**

- What are the loan fees?
- How are fees collected? Are fees added to the principal amount borrowed *or* are they subtracted from my total loan amount before my loan funds are disbursed to Penn College?

**Interest Rates:**

- What is the interest rate on the loan?
- Is there an interest rate cap?
- How often does the rate vary and how is it calculated?
- When does interest begin accruing?
- Do I have to pay interest while in college?
- If I cannot afford to make payments while attending college, will the interest be capitalized (added to the principal) and, if so, how often does this capitalization occur?

**Repayment Terms and Conditions:**

- When will I begin repayment on my loan?
- Do I have to pay on my loan while I am in college?
- Is there a penalty for early repayment of my loan?
- Do I have more than one repayment option?
- How many years will I have to repay my loan?
- If I use the maximum repayment period, what amount of interest will I pay over the life of the loan?
- Are grace periods, deferments or forbearances offered? If so, what are the conditions and how is interest capitalized during these periods?
- Is there a cosigner release option?
- Can you change your repayment options after repayment begins?

**Repayment Incentives:**

- Does the lender offer any borrower benefits?
- Are there rewards for a certain number of on-time payments?