Alternative/Private Loan Policy

What is an Alternative Loan?
An alternative loan or private loan is a non-federal student loan offered by banks, credit unions or other lending institutions.

Alternative Loan Eligibility Requirements
The student’s eligibility is determined by the cost of attendance (COA) minus other financial aid. In addition, the lender will review the student’s credit history as well as other factors to determine eligibility. Students may be denied by one lender and approved by another because of the different ways the credit information is interpreted.

Before Applying for an Alternative Loan
Alternative loans are available to students who are not eligible for financial aid or for students who need additional funds to meet educational expenses. Alternative loans are not for everyone and can be expensive. They can be expensive and should only be utilized when all other federal resources, such as Federal Direct Stafford and Federal Direct PLUS Loans, have been exhausted. Calhoun Community College strongly encourages students to maximize their eligibility to receive free or lower-cost financial aid such as a federal grants, federal loans, and scholarships. Alternative loans should only be used as a last resort when there is no other type of funding available to pay for school expenses. It is recommended that students review many alternative loan lenders and research their policies and loan terms to decide which lender is best for the student. The Financial Aid Office will process an alternative loan with the lender of your choice.

The Financial Aid staff at Calhoun Community College are happy to discuss with students and prospective students, and their parents, federal financial aid options available to them. Students and parents may qualify for grants, loans or other assistance under Title IV of the Higher Education Act programs. The terms and conditions of Title IV HEA program loans may be more favorable than the provisions of private educational loans. If you would like more information about Title IV federal financial aid, please contact the Financial Aid Office at (256) 306-2628 or finaid@calhoun.edu.

Applications and Eligibility
Requirements vary according to lender. Some of the most common requirements are listed below.

- The borrower must be enrolled, accepted for enrollment or previously enrolled at an eligible degree-granting institution within the last 365 days.
- The borrower must be a U.S. citizen, permanent resident or eligible non-citizen with proper evidence of citizenship.
- The borrower must be a student attending school full-time, half-time, or less than half-time or taking prerequisite classes.
• The borrower still needs funds after maximizing grants, scholarships and federal student loans –
• The borrower does not qualify for federal student loans
• The lender may determine which programs they will allow a student to borrow on an alternative loan.

**Interest Rates and Fees**

• Fees are usually presented as a percentage of the requested loan amount. Fees are usually added to the amount requested to borrow – but sometimes they are deducted from loan proceeds. Students should consult their selected lender and read the promissory note carefully to determine the type of fee (if any) associated with the loan.
• Some loans are more credit-sensitive than others. Alternative loans have specific qualifications and may have higher rates and fees for borrowers with less than perfect credit.
• When shopping for an alternative loan, be aware that the advertised interest rate may be introductory or limited to highly qualified borrowers. The rate that you are offered may be considerably higher depending on your credit worthiness.

**Repayment and Deferment**

• Deferment is an important principle in student loans. Since in many cases students do not have any income, lenders are often willing to allow deferment of payments while the borrower is enrolled in school at least half-time. During this time, interest may accrue, but the student does not need to make any monthly payments. Some loans will allow the student to pay the accruing interest during this time; these are called interest-only payments.
• Deferment usually lasts from the time the money is taken until graduation, plus some additional number of months, called a “grace period.” (This is typically 6 to 12 months.) This will vary from lender to lender, and product to product, so check each loan for details.

**Borrower Benefits**

• Borrower benefits can significantly alter the cost of the loan. Make sure to research the fine print on a lender’s borrower benefits and comply with the student requirements in the agreement.
• Some borrower benefits can be lost if a student fails to continuously pay on time and/or discontinue use of auto debit for the monthly payment or
• Some borrower benefits can be lost if the loan is sold to another lender
• Some borrower benefits can be lost if the student does not complete the terms of the lender contract.

**Helpful Hints**

• Alternative loans should only be used as a last resort when there is no other type of funding available to pay for school expenses.
• Students should compare multiple lenders and loan programs. Remember, the decisions made will affect the borrower for the life of the loan.
• Generally, a co-signer with good credit can help secure a lower interest loan with no or low fees.
• Keep a copy of the loan application and other related documentation for the student's records.
• When speaking to lenders on the phone, always get the name of the person. Keep records of the address, phone number, and fax number of the lender so they can be easily contacted with additional questions.
• Check the status of the loan request by calling the lender’s borrower services department. Be sure to have supplied all required documents.
• Make sure that the “Mailing Address on your MyCalhoun account is up to date. Checks for alternative loans are mailed in the same process as student refunds. An invalid address may cause long delays in receiving funds.
• Alternative loan applications will ask that the student enter a requested loan period, or the dates for which you need a loan. Use the begin and end dates of the term for the loan requested.

Where can I find alternative loan lenders?
Use the internet. Search websites that list alternative lenders. Read consumer reports to help direct you to a reputable lender.

Preferred Lender Lists and Arrangements
Calhoun Community College does not have a recommended or suggested lender list. Federal Regulations prohibit us from disclosing specific lenders because our institution is not engaged in any federally defined preferred lending arrangements with lenders. It is the responsibility of the student to complete the private loan application process before classes start and before payment is due. Our office recommends allowing at least 4-6 weeks for this process.

Alternative/Private Loan Certification Requirements at Calhoun
Calhoun Community College will certify a private loan if you meet all eligibility requirements for certification. Note: Calhoun Community College will not certify an Alternative Loan for any high school student (Dual Enrolled, Fast Track, etc...). In addition, Calhoun Community College will not certify consecutive loans for student who are not completing classes and progressing toward the completion of their degree at Calhoun.

• You must have a current Free Application for Federal Student Aid (FAFSA) on file
• You must be admitted as a regular student (not transient)
• You must have a valid major on file with the Admissions Office
• You must be enrolled at least half-time (6-8 credit hours)
• Attendance must be verified on at least half-time enrollment at the time the loan is disbursed. Please note that if you register in three (3) credit hours in the regular session and three (3) credit hours in a mini-term, you will not be considered half-time until after your attendance has been verified in the class that begins in the mini-term.
• You must progress toward the completing your degree
• You must follow the academic plan of study or MAPS provided by your academic advisor
Alternative Loans for Students in Non-Credit Hour Programs at Calhoun

Students must be registered in a Workforce Solution program before the loan is certified. For assistance with the program application contact workforce@calhoun.edu or (256) 306-2585. If you have questions about a program, send your inquiry to: https://calhoun.edu/workforce-solutions/workforce-solutions-inquiry/. Please complete your program application at least 30 days before the start date. This will ensure that your loan funds are received prior to the start of your program.