



UNC PEMBROKE
Private/Alternative Loan
Information

Private Education or Alternative Education Loans are used by families to help pay the cost to attend college when other financial aid is not enough or when they want different loan terms than what is offered by the government loan programs. We recommend that you consider private loans only after you have borrowed the maximum amounts allowed through the government student loan program like the Federal Direct Loan. Here are a few things to keep in mind:

1. Private student loans are counted in the financial aid calculation and must be reported to our office. You can use a private loan to replace unmet need or the calculated family contribution on your award letter without lowering your other aid. If your private loan is more than your cost of attendance minus your other aid, then either we will reduce your UNCP financial aid, or you will need to return some or the entire private loan.
2. The fees charged by some lenders can significantly increase the cost of the loan. A loan with a relatively low interest rate but high fees can ultimately cost more than a loan with a somewhat higher interest rate and no fees.
3. For most private loans, you apply on-line directly to the lender, the lender asks us to certify your costs and enrollment information and your loan funds are sent to the school to disburse to you.
4. Interest rates may be fixed or variable. Variable rates will be based on your or your cosigner's credit history. They are generally stated as an index, such as Prime or LIBOR, plus a margin. More information about LIBOR versus Prime interest rates can be found at http://www.finaid.org/loans/prime_libor.phtml. Borrowers are encouraged to explore lender options to determine the best interest opportunity.

HOW DO I APPLY?

Most lenders offer the choice of applying on-line or by telephone. Once you have completed the application, the lender will contact the Financial Aid Office directly and or electronically for the school certification.

SELF-CERTIFICATION

As part of new federal regulations, private educational loan borrowers are now required to complete, sign and return an Applicant Self-Certification form to their lender before loan funds can be disbursed. This form is intended to promote informed borrowing and will give you information about financial aid as well as provide your lender with information about your educational expenses and other aid. **You should receive this form as part of your application packet when applying for a private educational loan.** If you should need a copy of this form, you may contact your lender. Please note that the Applicant Self-Certification form does not replace school certification of your private educational loan.

The Applicant Self-Certification form requests personal information from the borrower as well as your cost of attendance for the period of enrollment covered by the loan and estimated financial assistance. The form then requests that you deduct your estimated financial aid from the estimated cost of attendance, which will give you an estimated loan amount.

HOW DO I RECEIVE MY LOAN FUNDS?

Your loan proceeds will be disbursed to your UNCP Student Account on a specified disbursement date. Your outstanding charges, if any, will automatically be deducted from your loan proceeds. Any remaining credit balance will be issued to you in accordance with financial aid refund procedures of the Student Accounts Office. Accounts are credited following the drop/add period.

SELECTING A LENDER

UNC Pembroke cannot recommend a lender or lenders to you to use for your private loan. Instead you can use the following tool as a way to compare lenders and the loan products they offer. We are happy to help you understand the private loan process, especially how it relates to your other financial aid, so please contact us if you have questions.

