

Web: www.finaid.vt.edu

Email: finaid@vt.edu

Private/Alternative Loan

A private/alternative loan is an educational loan in the student's name borrowed through a private lender. This gives students the option to borrow additional funds after utilizing federal student loans or if the student is not eligible for federal aid. The lender has no ties to the federal government or to Virginia Tech. Virginia Tech's goal is to minimize the amount of debt students incur, therefore we recommend students utilize federal loans first if eligible and borrow only what is needed.

Federal vs. Private/Alternative Loans

Private/alternative loan programs differ from Federal Direct Loans in several important ways. Generally, it is Federal Direct Loans which have more favorable terms. We encourage students to borrow their maximum in the Federal Direct Loans prior to pursuing a private/alternative loan.

Students are responsible for researching terms and conditions of all loan programs.

Alternative loans:

- Interest rates are normally variable and can change on a quarterly basis
- Loan and interest rates are based on credit approval and approval is not guaranteed
- Most students will need to apply with an endorser

Application Notes:

- **For fall and spring – apply in May and June (Apply for Fall and Spring at the same time)**
- **For summer – apply in late March-early April (Fill out the summer aid application located on our website in late March-early April)**

- Virginia Tech is not involved in the credit decisions for these types of loans
- Loans are not federally guaranteed; therefore they do not have the same deferment, cancelation, and consolidation benefits as federal loans

Private/Alternative Loan Application Process

- Students should start the application process by checking with the financial aid office. We can help determine if there are any other aid options
- The maximum loan amount students may apply for is limited to the cost of attendance (COA) minus any other financial aid received.
- It is recommended that if a private/alternative loan will be used for both fall and spring semesters, to apply for both terms at the same time
- It is important to request the loan using proper loan period dates (see website for current dates and links to some lenders that VT students have used in the past:

http://www.finaid.vt.edu/types_of_aid/loans/alternative/index.html).

- Please do not apply for fall private alternative loans until May. To ensure loan funds are available to meet the fall semester bill due date; apply during May and June. If applications are made after this time, the loan will be delayed and not available to meet the August 10th bill due date
- **For summer alternative loans, students must fill out the summer aid application located on our website. The application is posted in April of each year**

- The student should review lender options to determine which loan program is the best fit. Please keep in mind that some lenders require students to be enrolled at least half time, be in a degree-seeking program, and/or meet reasonable academic progress standards
- After choosing a lender, the student should contact the lender directly to apply for the loan. Most lenders will have an online application process
- Be sure to read all correspondence from the lender. The student must actively accept the terms of the loan and complete a Self-Certification form. The cost of attendance information needed to complete the self-certification form is available on Hokie Spa/My VT for most students. If you need assistance completing the form, please contact our office
- Once the lender has approved the loan, a certification request will be sent to our office. It can take up to three weeks from the date the certification request was received

until the loan is actually certified and visible on **Hokie SPA/MyVT**

- Once the loan has been certified, the lender disburses the loan to Virginia Tech. Our office and the University Bursar then process the disbursement and issues a student living expense refund if applicable. The disbursement process can take up to two weeks, sometimes longer during peak periods, from the date the loan funds are sent to VT
- **Note: Please make sure your social security number is on file and correct with the registrar's office**
- **If you will not be enrolled full-time the semester you utilize this type of loan, please turn in the "Grade Level and Enrollment Verification Form" located under "Forms" on our website to let us know**

Lender Options

- Our office will certify (based on eligibility) a private/alternative loan from any lender the student chooses
- The comprehensive list of private/alternative loan lenders listed on our website includes lenders that students at Virginia Tech have borrowed from during 2006-2010. The Private Alternative Loan Comparison Chart can be used to assist students in reviewing information on the lenders listed. The terms and conditions of the lenders provided are subject to change http://www.finaid.vt.edu/types_of_aid/loans/alternative/index.html.