

ALTERNATIVE EDUCATIONAL LOAN 2006-07

WHAT IS AN ALTERNATIVE EDUCATIONAL LOAN?

It is a credit-worthy loan borrowed by a student for tuition/fees. Enrollment must be certified by the University the student is attending. It is not backed by the federal government. The interest rates are higher than the Federal Stafford Loan* and conditions vary among lenders. The alternative educational loan is a direct, business relationship between the student and the lender. The University's part is to certify the attendance of the applicant.

WHO SHOULD CONSIDER AN ALTERNATIVE EDUCATIONAL LOAN?

Students at Great Valley (not eligible for the Federal Stafford Loan*) who are enrolled in graduate courses and who are as follows:

Non-degree (non-matriculated) graduate student

Matriculated in a Master's Program or Special Education Instructional I but enrolled in only 1-4 credits/semester

Enrolled in a graduate Certificate program in Education, Management, or Engineering

Accepted to Supervisory/SPLD or Principal Certification

WHAT ARE THE TERMS OF ALTERNATIVE EDUCATIONAL LOANS?

Interest rates, fees and repayment terms vary depending on the lender. Interest rates are usually variable. Approval is based on the student applicant's credit rating (and that of a co-borrower in some cases) and is contingent upon enrollment in college/University classes. Rates/fees are higher than the Federal Stafford Loan. Be sure to examine interest rates and how often they are changed, and also consider the lender's method of compounding interest. The eventual "cost" of borrowing varies depending on these conditions, and loan terms vary among lenders. A paycheck copy and drivers license are generally required as part of the application processing with the lender as is completing a Promissory Note.

WHO ARE THE PSU PREFERRED LENDERS?

PSU has selected three graduate student lenders who offer reasonable rates and conditions for our students and has implemented streamlined enrollment reporting arrangements with them. In partnership with Citizens: Educational Accomplishment Loan; In Partnership with Wachovia: Educational Excellence Loan; In Partnership with Edamerica: Educational Success Loan. All reporting by PSU to the lenders is done automatically after a student is pre-approved. To apply or find the loan terms: <http://www.psu.edu/studentaid/aidprog/altloan.shtml?reload> See the bottom of the page. It takes approximately 2-4 weeks to process an alternative educational loan.

CAN I USE A DIFFERENT LENDER?

Yes, Penn State will do enrollment reporting for loans other than those listed above but will require a copy of the completed paper application to be sent to PSGV Financial Aid Office so the enrollment reporting can be done, without which the loan will not process.

WHAT IS THE ALTERNATIVE EDUCATION LOAN WAIVER FORM?

This is a Great Valley campus form. Complete it and mail or fax it to the Penn State Great Valley Financial Aid Office. We will complete your registration so that you become an "enrolled" student, are on the grade sheet and will notify our bursar that an alternative student loan will be paying your bill. This form has nothing to do with the approval of your loan but will enable the loan to disburse to your PSU account when sent to the University.

*The Federal Stafford Loan is available only to U.S. citizens/permanent residents in a master's program or Special Education Instructional I who enroll in 5-6+ credits each 14-week semester. The Stafford is the preferred option for those who qualify for it.

PSGV Financial Aid Office, 30 E. Swedesford Road, Malvern, PA 19355 Fax: 610/889-1334 Phone: 610/648-3216