

Alternative Loans

****Grayson County College Office of Financial Aid requires all students interested in Private/Alternative Loans to have completed a FAFSA in order to review eligibility for Title IV aid prior to certification of Private Loans****

Private student loans are available to students in order to supplement their financial aid package. These loans are not endorsed or guaranteed by the Department of Education. The loans are based on credit, applied for on an individual basis, and awarded by the private lender. Most of the time, undergraduate students do not have sufficient credit to qualify for a private loan without a credit-worthy co-signer. Co-signers are equally liable for the loan when repayment begins. The Office of Financial Aid must certify a Private Student Loan to verify that the student has not been awarded over their cost of attendance. Once a loan has been certified, the lender will disburse the funds to Grayson County College and the funds will then be credited to the student's account.

Students are encouraged to read all of the eligibility requirements for a loan before you apply. Some loans have certain enrollment requirements: to have a certain major, be making satisfactory academic progress, etc. Students should note that alternative loan interest rates, fees, repayment terms and benefits vary from lender to lender. Overall, private loans usually will not have as favorable interest rates as the federal direct loan programs. The table below is provided for a comparison between federal and private loans:

Federal Student Loans vs. Private Loans

Federal Student Loans (loans from the government or guaranteed by the government)	Private Student Loans (nonfederal loans from a bank, credit union, or other financial institution)
You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time .*	Many private student loans require payments while you are still in school.
The interest rate * on Stafford Loans is fixed, currently at 3.4 percent for subsidized * loans for undergraduate students and 6.8 percent for unsubsidized * loans for undergraduate and graduate students, and almost always lower than on a private loan—and much lower than on a credit card!	Private student loans can have variable interest * rates greater than 18 percent .
Students with greater financial need might qualify for a	Private student loans are not subsidized.

<p>subsidized* loan. The government pays the interest on subsidized loans while a borrower is enrolled in school at least half-time and during certain other periods.</p>	
<p>You don't need to pass a credit check to get a federal student loan (except for PLUS Loans). Federal student loans help you establish a good credit record.</p>	<p>Private student loans may require an established credit record. The cost of a private student loan depends on your credit score, which you may not yet have as a student.</p>
<p>You don't need a co-signer* to get a federal</p>	<p>You may need a co-signer*</p>
<p>Free help is available at 1-800-4-FED-AID.</p>	<p>You need to find out if there is free help.</p>
<p>Some interest is tax deductible.</p>	<p>Interest may not be tax deductible.</p>
<p>Loans can be consolidated into the Direct or FFEL Consolidation programs which have favorable repayment plans and other benefits. See www.loanconsolidation.ed.gov for more information for Direct Consolidation Loans. For FFEL Consolidation Loans contact your lender.*</p>	<p>Private student loans can't be consolidated into a federal loan consolidation program. They can only be consolidated into a private bank loan, if available.</p>

This table can be found on Your Federal Student Loans: Learn the basics and Manage Your Debt from the website of the U.S. Department of Education, Federal Student Aid. ([link](#))

The following is a list of private loans that have been certified in the previous year:

Sallie Mae Smart Option Loan ([link](#))

Wells Fargo Collegiate Loan ([Link](#))

Chase Select Private Student Loans ([Link](#))

- This is not a complete list of all available alternative loan options. GCC will process loan applications from any legitimate lender. GCC students are encouraged to research all available lending options before choosing a private lender. GCC students and families are not required to select a lender from this list;
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- Things to consider when choosing a lender:
- **Loan Interest Rates**- will vary based on the lender (generally much higher than that of Federal Direct Loans).

- **Fees and rates:** Origination fees, repayment fees, variable interest rates, etc.
- **Borrower Benefits-** interest rate reductions based on borrower behavior, principal reductions, etc. Be aware that loan terms can change yearly and benefits are based on borrower behavior.
- **Customer Service-** always consider how available the lender will be to your needs as a borrower. Also determine if free help is available and how accessible is the lender customer service team.

The process:

- Student will complete the application process with the lender. Any information required by the lender will be sent directly to them, and not GCC
- The lender will send an electronic certification request. GCC Office of Financial Aid will then review a student's eligibility and decide to certify, reduce, or decline the requested amount.
- Once certification has taken place, and if the loan is approved, the lender will then disburse the funds to GCC and the student's account will be credited.
- Based on the student's ability to meet eligibility requirements, the funds will be used to pay any charges the student has at GCC and then the remaining amount will be disbursed to the student.

Attention: All grants, scholarships, workstudy programs, and federal/state loan programs must be reviewed prior to the certification of a private loan. GCC requires that ALL students complete the Free Application for Federal Student Aid (FAFSA) in order to review their eligibility for Federal Student Aid prior to the certification of a Private/Alternative Loan.