



The Penn College Financial Aid Office recommends all students and their families carefully review the following questions when considering a private alternative student educational loan.

How much should I apply for?

Before applying for a private alternative loan carefully consider your debt and repayment obligations on all loans. Determine how much you need to borrow by working out a budget for your educational costs and subtracting all your resources [for those costs](#). Borrow only what you need. Remember private loans must be repaid in addition to any federal loans you may borrow. You will not be permitted to borrow a private loan for more than your cost of attendance for the period of enrollment minus the sum of *all* other financial aid you will be awarded for that period.

If you are having trouble figuring the amount you need to apply for please [contact the Financial Aid Office](#). We will gladly work through your budget with you.

Which lender should I apply through for my private alternative loan?

Each lender has different eligibility requirements, interest rates, fees, terms and conditions. It is important that you do your homework to find the best loan option for you. Below are some key topics and questions that you should ask the lenders when researching who to apply through.

Eligibility Requirements:

- Do I need to be enrolled at least half time?
- Do I need to be enrolled in a specific program of study?
- How will my credit rating affect my loan eligibility?
- Will I be required to have a cosigner?

Loan Fees:

- What are the loan fees?
- How are fees collected? Are fees added to the principal amount borrowed *or* are they subtracted from my total loan amount before my loan funds are disbursed to Penn College?

Interest Rates:

- What is the interest rate on the loan?
- Is there an interest rate cap?
- How often does the rate vary and how is it calculated?
- When does interest begin accruing?
- Do I have to pay interest while in college?
- If I cannot afford to make payments while attending college, will the interest be capitalized (added to the principal) and, if so, how often does this capitalization occur?

Repayment Terms and Conditions:

- When will I begin repayment on my loan?
- Do I have to pay on my loan while I am in college?
- Is there a penalty for early repayment of my loan?
- Do I have more than one repayment option?
- How many years will I have to repay my loan?
- If I use the maximum repayment period, what amount of interest will I pay over the life of the loan?
- Are grace periods, deferments or forbearances offered? If so, what are the conditions and how is interest capitalized during these periods?
- Is there a cosigner release option?

Repayment incentives:

- Does the lender offer any borrower benefits?
- Are there rewards for a certain number of on-time payments?