

Private (Alternative) Loan Guidelines

When Grants & Government Loans Are Not Enough To Cover Your Educational Expenses

Alternative loans are the loans of last resort. They typically have higher interest rates, more fees and less flexible repayment options than federal loan programs. These loans are available for students who are International Students or have reached the federal student aggregated limits. They are made through private lending institutions and are repaid to that institution.

Alternative loans are not part of federal programs. Therefore, loan terms and limits vary substantially by program and lender. They are based on credit worthiness and may require a co-signer. Alternative loans are not insured against death or disability. Interest rates can go as high as 18% - 21% . Fees vary by lender and may go as high as 9%.

The majority of students who apply for alternative loans are:

- International Students
- Have reached Federal student aggregated limit

You do not need to fall into the above criteria to apply for an alternative loan. Many students apply for alternative loans for housing or additional educational expenses.

[How to apply for an Alternative loan](#)

You must:

1. Complete the FAFSA application (International students need not apply).
2. Have applied for William D. Ford Direct loan or decline in writing the Direct loan program.
3. Contact the bank of your choice* to inquire about their private educational loan opportunities and filing procedures.
4. Submit the Private loan certification form to Financial aid office

When you have selected a lender*, you should ask the loan representative questions such as:

- What are your current interest rates?
- Is there a credit check?
- Do I need a co-borrower?
- After school, what are my repayment options?

Make sure you ask as many questions as you need to, in order to better understand your responsibilities.

**Please note that John Jay College does not have a preferred lender.*

[How much money can I borrow?](#)

When applying for an alternative loan the lender may approve you for the amount you request. However, this does not mean you can borrow that amount. In processing alternative loans, John Jay College follows the budget that you received from your FAFSA application.

For example if your yearly budget is \$12,000 and you are approved for \$20,000 you will only be able to borrow \$12,000 for the year. There are ways to increase your budget because of transportation cost (Long Island Railroad), housing expenses, if you are an out-of state student, traveling expenses to return home during breaks and end of semester classes (airfare, train, bus or gas).

[When will I receive the money?](#)

Funds are disbursed during the first week of classes, if you have completed your FAFSA application 2 months prior to the beginning of the semester.

[Criteria's for receiving loan](#)

- Must be a matriculated student with a minimum of 6 credits
- Have a completed FAFSA application
- Minimum GPA of 2.0
- Submitted Private loan certification form

When do I begin to repay the loan?

All educational loans repayments begin 6 months after the following:

- Graduation
- Fall below 6 credits in the semester
- Withdraw from classes
- Did not register for a new semester

Loan Cost Example

The total amount you will repay for an alternative loan will vary depending upon when you start to repay it. This example provides estimates based on the three repayments options available to you while you are enrolled in school.

REPAYMENT OPTIONS (while enrolled in school)	Amount Of Loan	Interest Rate	Loan Term (how long you have to pay off the loan)	Total paid over 15 years (includes associated fees)
DEFER PAYMENTS Make no payments while enrolled in school. Interest will be charged and added to your loan.	\$10,000	11.51%	15 years Starting <u>after</u> the deferment period	\$31,968.00
PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school.	\$10,000	11.01%	15 years Starting <u>after</u> the deferment period	\$25,435.21
MAKE FULL PAYMENTS Pay both the principal and interest amounts while enrolled in school	\$10,000	11.01%	15 years Starting <u>after</u> the deferment period	\$20,480.40

Assumptions: All examples assume a \$10,000 loan in the first year of school with a single disbursement, a variable interest rate and associated fees for the repayment option shown.

The interest rate during the life of the loan is variable. It could move lower or higher, but cannot exceed 21%.

For further information, contact:

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Financial Aid Office
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For answers to your Financial Aid questions, 24/7 go to 

