

# 2024-2025 Alternative Loan Entrance Counseling

Our records show that you have recently applied for an Alternative (Private) Loan. As of today, you have not completed a FAFSA for the current award year to take advantage of federal grants and/or loans (Title IV aid). Buffalo State is required to counsel students who borrow an alternative loan prior to certification and disbursement of the loan by the school. You may complete a FAFSA online at <https://studentaid.gov/h/apply-for-aid/fafsa> after October 1<sup>st</sup> each year. Federal loans may have more beneficial terms and conditions than private loans, which may include more flexible repayment options (standard, graduated, extended, SAVE, PAYE, income-based, and income-contingent), deferment and forbearance options, Public Service Loan Forgiveness (if qualified), Teacher Loan Forgiveness (if qualified), and Loan Discharge (for example due to a total & permanent disability). The interest rate on private loans is determined based on the creditworthiness of the student and often requires a cosigner. As a result the interest rate may be lower than Federal Direct Loans for applicants who have superior credit profiles, or alternatively, much higher than Federal Direct Loans for those who have poor credit profiles. In addition, Federal Direct Loans (Subsidized and Unsubsidized) may be consolidated into a Federal Direct Consolidation Loan which is not credit based; you need not have good credit to qualify. Private loans cannot be consolidated into a Federal Direct Consolidation Loan, resulting in multiple loan payments upon graduation for students who have opted to borrow private loans, especially for those who choose to borrow from more than one lender. Therefore, it is important to consider many factors in addition to the interest rate and do your research before choosing which loan is right for you. Students who are non-matriculated or otherwise ineligible for federal aid should still keep the following tips and guidelines in mind when selecting a lender.

Please read the following and sign the certification at the end of the page. Then return this form to the Financial Aid Office.

- Alternative (private) loans generally should only be considered after a student has applied for federal and state grants, and scholarships, and the student has researched and compared the loans to Federal Direct Loans to determine which best meets their needs. Currently Federal Direct Subsidized Loans disbursed on or after July 1, 2024, have a fixed interest rate of 6.533% (undergraduate students only). Federal Direct Unsubsidized Loans have a fixed interest rate of 6.533% for undergraduates and 8.083% for graduate students. Federal Direct PLUS Loans for parents and graduate students have a fixed rate of 9.083%. Consider completing the FAFSA at <https://studentaid.gov/h/apply-for-aid/fafsa> to receive a determination of your eligibility for federal and state aid first.
- If the parent of a dependent student has an adverse credit history, they will not likely be approved for the Federal Direct PLUS loan which will make the student eligible for additional Federal Direct Unsubsidized Loan funds. Additional Direct Unsubsidized Loan funds may also be awarded to students when the parent's only source of income is public assistance or disability (please see a financial aid advisor).
- You may borrow from the lender of your choice and are encouraged to compare interest rates, fees, and terms carefully. Keep in mind interest rates for alternative loans are typically not capped.
- Alternative loans are not guaranteed by the federal government so a student must be credit-worthy or have a credit-worthy cosigner to qualify. Even if a student does qualify based on their own credit score, the terms of the loan may be much less favorable unless they have a cosigner with a more favorable credit score.
- When you begin repayment on an alternative loan your payments are separate from your Federal Direct Loan payments, resulting in an additional monthly payment.
- Federal Direct Loans have deferment (e.g. for half-time college enrollment), forbearance (e.g. for economic hardship) and forgiveness provisions (e.g. for working as a teacher in a high-need area).
- If you consolidate your loans after graduation, alternative loans cannot be combined with federal loans.

**By checking each box and signing my name below, I hereby acknowledge that:**

- I affirm that I have read and understand the information above.
- I understand that it is in my best interest to apply for grants and scholarships before applying for a loan, and to thoroughly research my loan options before deciding to borrow an alternative loan to pay for my education expenses.
- I understand that financial aid advisors are available to further discuss my options.

I authorize staff in the Financial Aid Office to certify my alternative (private) loan application.

Student Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Banner ID: \_\_\_\_\_