

# ALTERNATIVE LOANS

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Students seeking a degree at Texas A&M University-Texarkana should always pursue all types of financial aid including federal grants and loans, scholarships, and work study before seeking an alternative loan. Parents of dependent undergraduate students should also consider applying for a Parent PLUS loan before the student applies for an alternative loan. Graduate students should consider applying for the Graduate PLUS Loan before seeking an alternative loan.

The advantages of receiving Federal Direct Student Loans include:

- Students will not be required to pay back Federal Direct Student Loans until six months after graduation or stop attending school at least half-time. For alternative loans, a student may have to start repayments immediately.
- Federal Direct Student Loans offer lower interest rates than alternative loans.
- For Federal Direct Subsidized Loans, the government pays the interest on the loan while the student is attending school at least half-time.
- Parent PLUS Loans require a credit check but the criteria are less strict than for alternative loans. Also, the parent can choose to not begin repayment until the student graduates or drops below half-time enrollment status.

Students that are ineligible for Federal Direct Loans or need additional funds beyond their qualification for federal student aid may apply for an alternative loan. Please note that a Free Application for Federal Student Aid (FAFSA) is not required in order to apply for an alternative loan but is encouraged to consider all other aid before applying for an alternative loan.

A student interested in an alternative loan should apply through a private lender which can require a co-signer. Please note that each lender may have different interest rates, requirements, and/or repayment options. Students can be eligible to receive an alternative loan up to the amount of their Cost of Attendance, determined by the Financial Aid Office, minus other aid received. An alternative loan cannot exceed the student's Cost of Attendance for the aid year. A student must complete the Alternative Loan Questionnaire under Financial Aid Forms on the Texas A&M University-Texarkana website in order for the alternative loan to be considered for certification.

The Truth In Lending Act (TILA) and the Higher Education Act of 1965, as amended (HEA), require a lender to obtain a self-certification signed by the private loan applicant before disbursing a private education loan. The lender may provide the applicant the self-certification form; however, you can also obtain the form by clicking on this link, Private Education Loan Applicant Self-Certification Form. (<https://ifap.ed.gov/dpclletters/attachments/GEN1001A-AppSelfCert.pdf>)

**The financial aid office uses the Great Lakes ScholarNet platform to certify private loan request, as well as receive private loan money from lenders. Please ask your lender if they participate in ScholarNet before applying for a private loan. The financial aid office will not certify private loans via paper, nor can we accept paper checks for disbursements.**