



**UCLA**

# 2014-2015 Private Loan Guide

**UCLA**

Financial Aid and Scholarships

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## Private Loans

Private loans, also referred to as alternative loans, are available to students who have received the maximum award amounts under the Direct Loan Program and require additional funding and are available to all qualified borrowers regardless of whether they complete a Free Application for Federal Student Aid (FAFSA). However, we highly recommend that you complete the FAFSA and allow the financial aid office to determine your eligibility for other sources of aid, including federal loans, before you apply for a private loan. These loans are funded by banks and private lending institutions.

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## Loan Eligibility

- Private loans are available to undergraduate and graduate students admitted to and enrolled in a degree granting program at UCLA.
- Most, although not all, private loans require half time enrollment (6 units for undergraduate students and 4 units for graduate students). Please check with your lender if you are looking for a private loan available to students enrolled less than full time.
- Students may borrow up to their full cost of education for the academic year (based on financial aid budget) less any other aid received for that year.
- The borrower must be a US citizen or an eligible non-citizen or can apply with a cosigner who is a citizen or an eligible non-citizen.

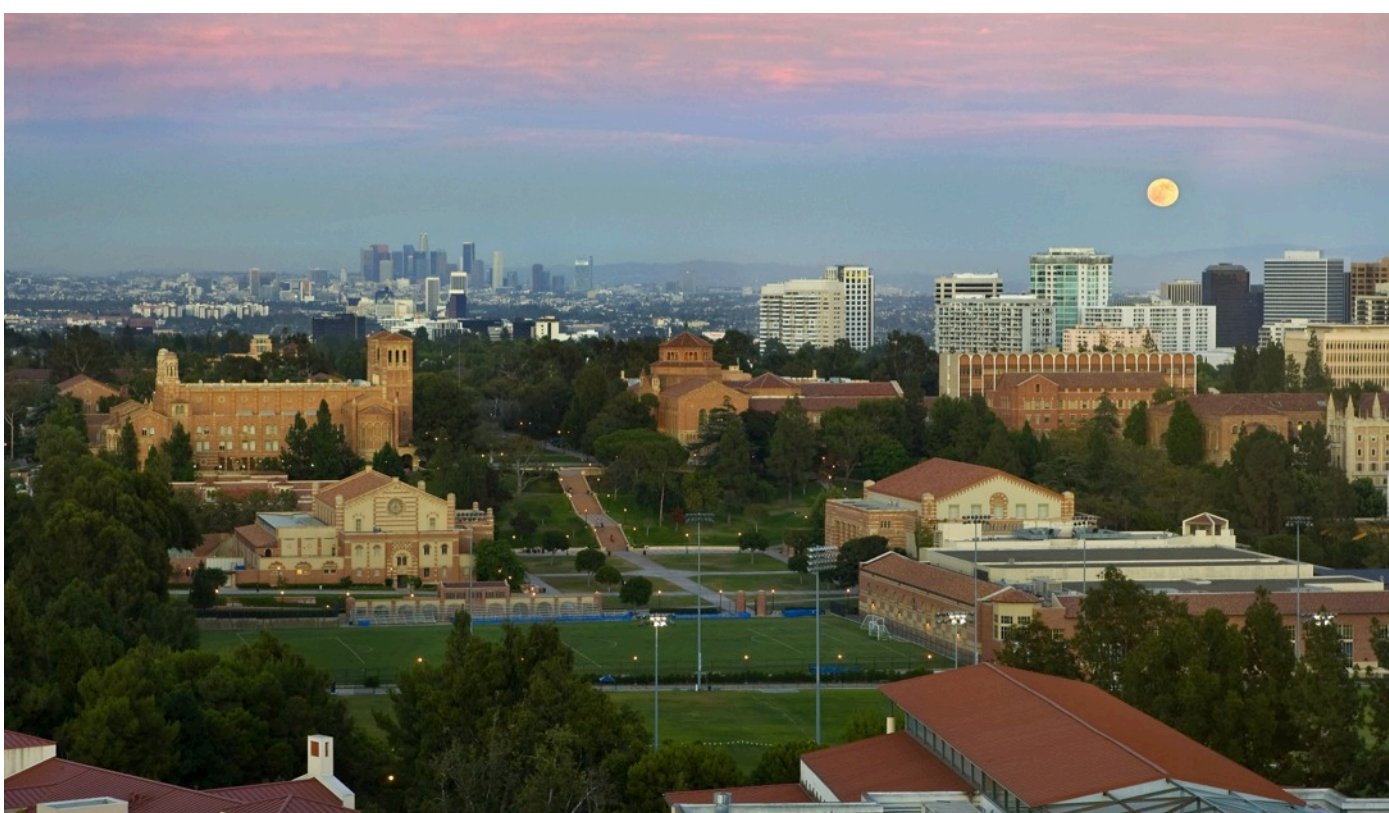
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To find information for loans offered by private lenders and utilized by UCLA borrowers, please see the private lender lists available at [www.financialaid.ucla.edu](http://www.financialaid.ucla.edu)

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## Credit Requirements

The lender will run a credit check on all applications before determining your eligibility for a private loan. Borrowers who are not approved based on their credit score will be advised to apply with a cosigner.



## Interest Rate

The interest rates and repayment terms are not federally regulated and will vary. Your interest rate will vary depending on the lender and the applicant's and the cosigner's credit score. Applying with a qualified cosigner can substantially reduce your interest rate. Private loans are 'unsubsidized' and the interest starts accruing from the date of disbursement.

## Loan Fees

Loan fees are set by the lender and vary. Loan fees are deducted from each disbursement prior to the disbursement of funds by the lender.

## Repayment

Repayment terms also vary by lender. Most lenders do not require repayment while the student is in school and some can defer repayment for six months after graduation. However; interest on private loans accrues from the date of disbursement. Please contact the lender to find out about their repayment, deferment and forbearance options.

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You can frequently secure a lower interest rate on your private loan by applying with a cosigner.

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## Cosigner Information

Most private loans require a cosigner. The cosigner is required to sign the loan documents but the student is the primary borrower. By signing, the cosigner agrees to be fully responsible for the loan if the student does not fulfill his or her obligations. The loan obligation becomes a part of the cosigner's credit history, including any late payments the borrower makes. An adult who meets the credit and citizenship requirements can cosign on a private student loan. A cosigner does not have to be a relative; he or she can be anyone who meets the general eligibility criteria. The lender will review the cosigner's credit history and income as part of their approval process. In some cases a cosigner can be released from their loan responsibility after the borrower makes a specified number of on time consecutive monthly payments and meets certain credit requirements. Please check with the lender to determine whether they offer a cosigner release option and, if so, under what circumstances. In addition, a cosigner may be released in the event of the student beneficiary's death or total and permanent disability (please ask your lender for additional information).



# Applying for a Private Loan

## Determine How Much You Need to Borrow

UCLA awards all financial aid applicants up to their cost of education so refer to your Financial Aid Notification (FAN) for the amount of private loan you are eligible to apply for. If you are a dependent student whose parent is unable to, or chooses not to borrow you can request that the parent PLUS loan on your FAN be converted to a private loan. If you select to apply for private loan without completing a FAFSA application, please contact the Financial Aid and Scholarships office to determine the amount you can apply for.

## Apply for Your Private Loan Directly with the Lender

You cannot apply for a private loan by accepting the offer on your FAN. You have to apply directly with the lender.

## Selecting a Lender

You can access UCLA's private lender lists at [www.financialaid.ucla.edu/publications.html](http://www.financialaid.ucla.edu/publications.html). In order to assist you with the selection process we publicize the preferred lender information evaluated and compiled by UC Office of the President. We also maintain a list (Fast Choice) of all lenders with which UCLA students borrowed in the last 3 academic years. Please note that, while we do our best to gather this information for you, listing a lender on our list does not constitute an endorsement or a guarantee of the benefits offered. All benefits are subject to change without notice, at the lender's discretion. Before you borrow, please contact the lender directly to verify all loan terms and benefits. Also, you do not need to borrow from the lenders listed on UCLA's lender lists. If you prefer to borrow from a lender not on our list, please contact them directly to obtain loan information and application instructions.

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When applying for a private loan, consider going through the pre-approval process with more than one lender to determine which one will offer you the best terms. Shopping for the best priced private loan involving multiple loan inquiries within a 30 day period will not lower your FICO score.

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## Loan Certification

Once you provide all information required by the lender and your application is approved, the lender will contact the Financial Aid and Scholarships office to request verification of your private loan eligibility. Financial aid office will verify your eligibility if your financial budget (as set by the school) exceeds all other aid available. Certification requests are received and completed within 5-10 business days for lenders with whom we work electronically and within 15-20 days for lenders who must mail or fax the documentation to our office, if we do not have an electronic process set up. If you refer to the [Fast Choice lender list](#) for your lender selection, information on whether the lender works with UCLA electronically or not is provided on the list. If you have questions about our ability to work with a specific lender electronically, please contact us at 310-206-0400 or [finaid@saonet.ucla.edu](mailto:finaid@saonet.ucla.edu).



## Disbursements

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Most private lenders require that you are enrolled at least half-time (6 units for undergraduates and 4 units for graduates in order for your loans to be disbursed.

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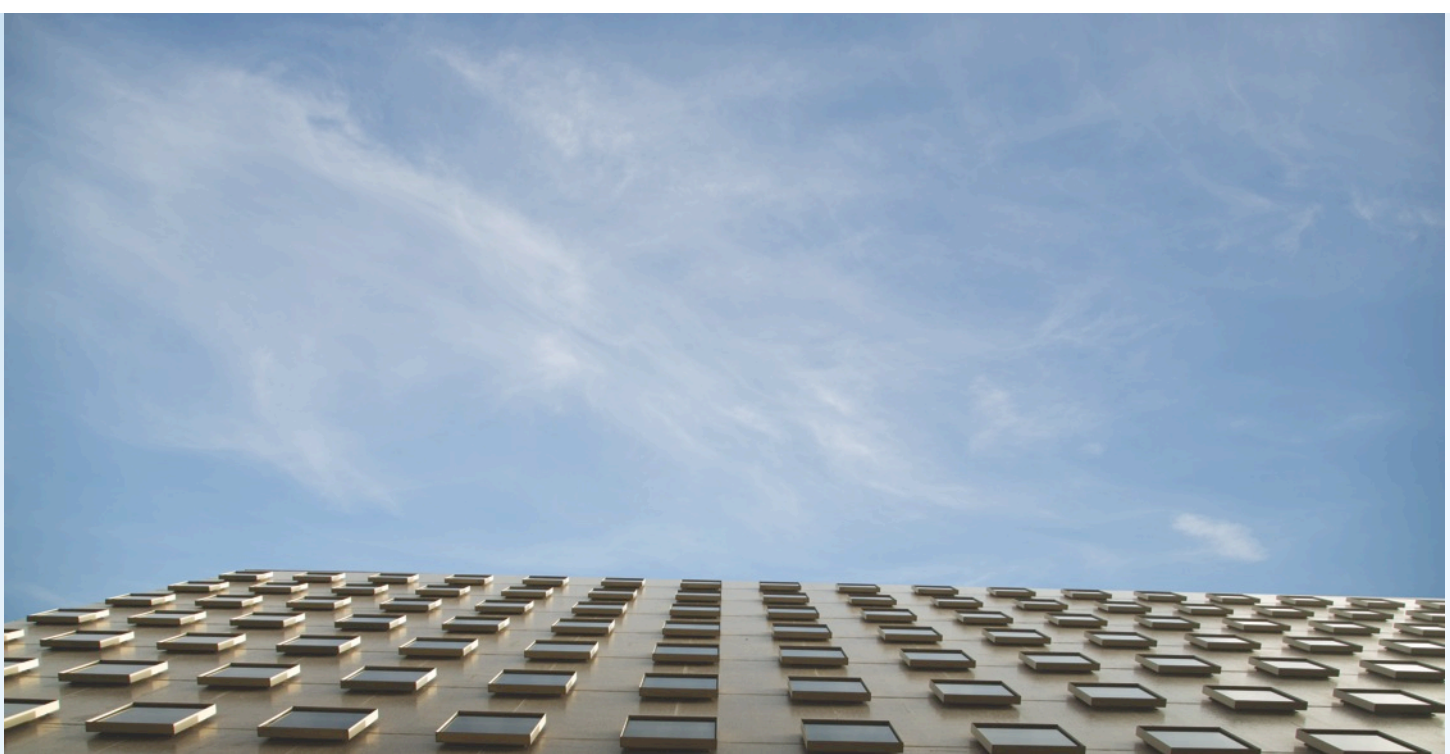
The total loan amount you are certified to receive by the financial aid office will be divided equally among terms for which you have been awarded. If you apply with one of UCLA's electronic lenders, your loan will be disbursed via Electronic Funds Transfer (EFT) and applied to your BruinBill account at the beginning of each term. Any funds left after your charges are paid, will be refunded to you. If you choose to work with a lender that does not work with UCLA electronically, your loan will be disbursed via a paper check that will need to be picked up from Student Loan Services (A227 Murphy Hall) each term.

Please Note: Private loans disbursed via paper checks will not be applied to BruinBill to cover your charges. If you do not have other financial aid available to cover your fees, please make sure that your quarterly charges are paid before the payment deadline in order to prevent your classes from being dropped or being assessed a late fee.

## Returning Private Loans to the Lender

If we are unable to disburse your private loan because of non-enrollment, insufficient units or holds on your account, Student Loan Office will return all undisbursed funds to the lender within 10 business days of receiving them. If your loans are returned, the Financial Aid and Scholarships office can request a reissue per the student's written request submitted to our office. The reissue process will take 2 – 3 weeks. In certain circumstances the lender will not be able to reissue your private loan and they will ask you to reapply.





Students considering student loans need to be aware of the differences between federal student loans and private student loans:

- Federal student loans are required by law to provide a range of flexible repayment options including, but not limited to, income-based and income-contingent repayment plans, as well as loan forgiveness benefits that private lenders are not required to provide.
- Federal direct loans are available to most students regardless of income. Other qualification criteria do apply. For more information, please visit <http://www.studentaid.ed.gov/eligibility>.
- Private student loan lenders can offer variable interest rates that can increase or decrease over time, depending on market conditions.
- The interest rate on a private loan may depend on the borrower's and/or co-signer's credit rating.
- Private student loans have a range of interest rates and fees and students should determine the interest rate of, and any fees associated with, the private student loan included in their financial aid award package before accepting the loan. Students should contact the lender of the private student loan or their UC campus' financial aid office if they have any questions about a private student loan.

Some UC campuses offer students their own private (institutional) student loans. Students offered a UC institutional private student loan should know that:

- Interest rates on UC loans will be fixed, not variable
- UC loans can have a range of interest rates
- UC loans are not awarded based on the credit history of the borrower

For more information contact:

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A129 Murphy Hall  
(310) 206-0400  
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