



ALTERNATIVE LOAN INFORMATION SHEET

Office of Financial Aid
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BORROWING SENSIBLY

Why would I need an alternative loan?

Sometimes the aid a student will receive from University of Michigan-Flint will not be enough to cover their costs to attend. In these cases, a student and their parent(s) can decide to pursue an alternative loan. Alternative loans are private supplemental loans that are NOT guaranteed by the federal government. These loans may be used to supplement federal financial aid for creditworthy students and their families.

Do I have to apply for federal financial aid?

If eligible to file, University of Michigan-Flint always recommends that a student first apply for and accept the federal financial aid offered to them (including the Federal Direct Loan). The federal loan programs will have the lowest interest rate for the student borrower.

How much can/should I borrow?

There are limits to what a student and/or parent can request in an alternative loan. To determine the maximum loan amount a student can borrow for an alternative loan, please contact the Financial Aid Office.

Who should I borrow from?

We recommend that you review many alternative loan lenders and research their policies and loan terms to decide which lender is best for you. We will process an alternative loan with the lender of your choice.

**DATA CONTAINED IN THIS BROCHURE IS SUBJECT TO CHANGE. CONTACT
THE LENDER DIRECTLY FOR THE MOST UP-TO-DATE INFORMATION.**

Office of the Registrar
(810) 762-3344

Cashiers/Student Accounts
(810) 762-3490

Student Information Systems
www.umflint.edu/sis

Be Wary of Private Loan Offers

The growing problems with private loans has led the House Education and Labor Committee to question the \$85-billion-a-year student loan industry by asking the Federal Trade Commission to investigate the unfair and deceptive practices that lenders use to market their products and services to students. Following is a quote from the announcement of their request.

"Every day, millions of students receive marketing letters from private lenders - letters that are often intentionally designed to confuse or mislead students. These tactics are nothing short of predatory lending. No company should be able to get away with using aggressive scare tactics to profit off students who are already taking on enormous amounts of college loan debt. Just like any other group of consumers, students and their families deserve to be protected from any fraudulent or manipulative marketing practices."

College students are cautioned to be suspicious of unsolicited loan offers. Student loan debt can accumulate quickly and result in a lifetime burden of high payments and credit denials for automobile purchases, credit cards, and home mortgages. Private loans also can reduce eligibility for more desirable federal, state and college aid programs. To avoid these problems, read and understand the terms and conditions of all loans.

Michigan students are bombarded by media advertisements and mailings about private student loans. The Michigan Student Financial Aid Association (MSFAA) reminds students and families to beware of loan offers you did not initiate. Deceptive marketing tactics are not illegal in the world of private student loans. It is always in a student's best interest to explore federal loan options before applying for private loans. Here are some simple rules to follow when considering a private loan.

1. All students should file the Free Application for Federal Student Aid (FAFSA) to determine eligibility for grants, work-study, federal loans, and other desirable forms of student aid.
2. Students should only consider a private education loan if they have reached their federal loan borrowing limit.
3. Undergraduate students and parents should compare private loan costs with costs for the Federal PLUS Loan.
4. Graduate students can borrow under the Federal Graduate PLUS Loan and should compare PLUS costs to private education loan costs before applying for a loan.