

## **Private Alternative Loan Requirements**

### **Effective February 14, 2010**

Federal regulations require lenders to produce the following disclosures to borrowers:

#### **Application and Solicitation Disclosure (ASD)**

- The lender must provide a general range of rates and fees so the borrowers can make informed decisions when choosing a private loan lender.
- The ASD provides general information about interest rates, fees, default or late payment costs and repayment terms. In addition, it includes an example of the total cost of a loan based on the maximum interest rate offered by a lender, a defined loan amount, and calculations for each payment option.
- The ASD must also include eligibility requirements for the loan and information on alternatives to private education loans. The ASD is intended to be a tool for the applicant to use in comparing loan offers.
- Lenders are required to mail the ASD within three (3) days after a phone application is taken and they pull a credit report on the applicant.

#### **Loan Approval Disclosure**

- When an applicant is conditionally approved for a loan, the lender must send this disclosure with borrower specific rates and fees.
- The Approval Disclosure must be provided before the consummation of the loan or with any notice to the applicant that the creditor has approved the consumer's application for a loan.
- The Approval Disclosure provides information specific to the loan being approved by the lender, including detailed information on the interest rate and itemization of fees associated with the loan application (including fees associated with late payments and defaults).
- Lenders must also provide a statement on the alternatives to private education loans through the federal student financial assistance programs. Lenders must give an applicant thirty (30) calendar days after the date on which the applicant receives the Approval Disclosure to decide to accept the offered private loan.
- Borrowers have thirty (30) calendar days to accept the loan terms offered. The borrower can accept the terms of the loan by mail, phone, or electronically.

#### **Final Disclosure**

- This is sent to the borrower after the loan terms are accepted and the school has certified the student's eligibility for the loan. The Final Disclosure gives the borrower a "right to cancel" period of three (3) business days.
- If the applicant accepts a loan within the thirty (30) day calendar acceptance period provided in the Approval Disclosure, the lender must provide a Final Disclosure that includes updated information on the applicable interest rate, repayment terms, fees and default or late payment costs. The lender may not disburse any private education loan funds until the cancellation period has ended.

#### **Private Education Loan Applicant Self-Certification Form**

- A lender must obtain a signed and completed Private Education Loan Applicant Self-Certification Form that has been created by the U.S. Department of Education. The self-certification form will include information about the availability of federal student loans, the student's cost of attendance, estimated amount of financial assistance, and the difference between the student's cost of attendance and estimated financial aid.
- The borrower must complete a borrower Self-Certification Form and return to the lender.
- In order to complete the Self-Certification form you will need to know your Cost of Attendance and Estimated Financial Assistance. You can find this information in your

[BannerWeb](#) account on the **Overall Financial Aid Status** screen, under the **Financial Services** tab.

Access the [Private Education Loan Self-Certification Form](#)