

ALTERNATIVE LOANS AT UW-MADISON

Loans Certified through UW-Madison

The UW-Madison Financial Aid website: <http://www.finaid.wisc.edu/index.php?module=categories&catid=552> includes a link to alternative lenders. **Certified means that lenders verify total program cost of attendance through the UW-Madison Financial Aid Office to make sure that the amount of the loan request is valid.** Most lenders will not approve loans for more than the total cost of a program.

The main reason for using one of these lenders is that the loan funds will become part of anticipated aid and thus defer and credit program fees automatically like other types of financial aid. **Lenders, whose loans are not processed electronically by UW Madison and from whom UW-Madison cannot receive funds via EFT, send checks to campus. Most study abroad participants will already have left for program sites by the time the checks reach the Bursar's Office. See the back side of this document for Bursar procedures in these cases.**

The best way to apply for an alternative loan is by completing an online application. Specific questions regarding loan applications, interest rates, and processing fees should be directed to lender customer service representatives. Your applications will be sent to the UW-Madison Financial Aid Office after the lender has processed your application.

Loans NOT Certified through UW-Madison

Study Abroad Loans is a company which recognizes the needs of study abroad participants and is therefore willing to make the process smoother. While co-signers and interest rates are the same as other lenders, Study Abroad Loans is willing to disburse loans directly to the student AND by the time you need it. The funding is not required to be sent to UW-Madison nor is it required to be sent at the normal processing time according for campus financial aid disbursements. **This means students can receive the funds in advance of program fee due dates and if needed before normal campus disbursement schedules for other expenses like airfare. These loans are not subject to the Bursar policies regarding alternative loans listed on the back of this page.**

GENERAL INFORMATION ABOUT ALTERNATIVE LOANS:

- If a student has begun an application for regular financial aid, we will process the alternative loan ONLY after the student has been offered and has responded to their regular financial aid offer (this assures that the student will receive the best aid package possible).
- The amount of the loan is usually limited to the cost of attendance minus other aid.
- Interest accrues on alternative loans from the date of disbursement, although actual repayment does not begin until 6 months after the student graduates or drops below halftime status.
- Interest and principle payments are usually deferrable until the student is enrolled for less than halftime credits (except SELF Loan).
- All alternative student loans are based on credit history and most will require a **co-signer** if the student has little or no credit history. Co-signers are encouraged for all borrowers because it may help reduce interest rates and processing fees, and it improves the chances the loan will be approved.
- Many alternative loan programs require the student to meet UW Madison's satisfactory academic progress (as outlined in the *Timetable*).
- Each loan program offers various repayment incentives to consider.
- International students can borrow from most alternative loans if they have a credit-worthy cosigner who is a US citizen.

MOST SIGNATURE LOANS REQUIRE YOU TO PHYSICALLY BE PRESENT TO PICK UP YOUR CHECK.

Most students who are studying abroad will leave before the checks arrive on campus; which is usually beginning of September for fall semesters and mid-January for spring semesters. This is what happens and why it is so important to have a reliable financial representative.

IF CHARGES ARE NOT PAID IN FULL--YOU ARE USING THE ALTERNATIVE LOAN TO CREDIT THE PROGRAM FEE

1. The Bursar's office sends a letter to your financial representative (mailing address in the "My-UW" system.) or sends an email to the email listed in MyUW. The contact information says, please pay \$????, the amount of outstanding charges. **The reason the Bursar's office does this is because the check will be payable to you so the Bursar's office cannot deposit the check and credit your account.**
2. In the contact from the Bursar, the Bursar's office will give you a name of a person to send the personal check to. You must send the check to the Bursar's official so they can manually hold your check for 10 days. Otherwise the mailroom at the Bursar's office will deposit your check before your alternative loan is sent and deposited thereby creating NSF in your personal checking account. To help in this process **INCLUDE A NOTE SAYING THAT THE PAYMENT ENCLOSED SHOULD NOT BE AUTOMATICALLY DEPOSITED SINCE YOU ARE STUDYING ABROAD AND THAT THE CHECK SHOULD BE FORWARDED TO THE NAMED BURSAR OFFICIAL FOR COORDINATION OF AN ALTERNATIVE LOAN CHECK.**
3. The Bursar's office, upon receipt of the personal check from your financial representative, will mail your loan check to your financial representative. The Bursar's office will hold your financial representative's payment for 10 days. This gives your financial representative 10 days to deposit the loan check to cover the personal check they sent to the Bursar's office.
4. What I recommend students do is sign a personal check from your checking account and leave it with your financial representative. Also, leave a deposit slip with which to deposit the loan check. Have your financial representative endorse the check "For Deposit Only" and write your account number on the endorsement space on the back of the loan check. Alert your bank to these transactions taking place.

IF CHARGES ARE PAID IN FULL--USING ALTERNATIVE FOR "ADDITIONAL ESTIMATED COSTS" ONLY

1. The Bursar's office will contact you/your financial representative to confirm the mailing address where you want your alternative loan check sent.
2. Please still follow the recommendation in #3 above so that your check can be properly deposited without any questions.