

Undergraduate Alternative Loan Certification

Unlike federal aid, where maximum annual borrowing limits cannot be constrained based upon the discretion of the Financial Aid Office, alternative/private bank loans require certification and may be subject to further scrutiny.

Recognizing that:

- a maximum borrowing threshold can be calculated for each student, based upon a reasonable estimation of future anticipated starting salary;
- a student may be offered much more debt financing than they can reasonably afford to repay, in many cases exceeding this customized borrowing threshold and potentially leading to significant financial hardship;
- very little financial education is provided at the time that students make critical borrowing decisions,

it is incumbent upon the financial aid office to help students make informed decisions about debt financing. This is especially vital for students who lack relevant life experience and critical thinking skills, who may be unable to effectively analyze their immediate needs and future ability to repay borrowed funds.

For these reasons, the Financial Aid Office seeks to validate a guiding rationale, upon which this policy shall be based, for limiting the amount we are willing to routinely certify for alternative/private bank loans without further consultation and assessment.

Rationale

Historically, we have seen many instances where students have borrowed excessively, accepting loans for more than may be needed and more than they can reasonably afford to repay. Because alternative/private bank loans are initiated with the lender of choice and are received and acted upon in our processing area, we currently lack any opportunity to help students make an informed decision.

To ensure that we are acting in the best interest of the student, a brief pause is needed in our process, to provide an opportunity for any needed consultation and assessment. Setting a prescribed limit, above which we will not initially certify these loan requests, introduces a brief delay into our process that will allow us to discuss this decision with the student. In an expedited review, the student will be provided with an opportunity to evaluate their need for

additional funding. Working with the student, we expect to reach agreement on an amount that is appropriate for their needs and circumstances.

In stating this policy, it is not our intent to be paternalistic, or punitive. We are not seeking to impose our values upon the personal spending decisions of students. Rather, we intend to engage the student in a careful evaluation of their current circumstances and future financial well-being, and to help them make an educated, informed decision. In this effort, we are working to support persistence, and to also help each student to wisely assume responsibility for their own financial well-being.

Alternative Loan Policy

To achieve the objectives of this policy, certification for private bank/alternative loan applications received in our office will, initially, be limited to a maximum of \$6000 for fall/winter semesters combined, and \$3,000 for a single semester or spring/summer terms combined. Students who are not eligible to receive federal financial aid may be certified to receive funding equal to the undergraduate annual loan limit for their class standing, in addition to the maximum amount specified in this policy (see schedule, below).

In the future, we expect to maintain an automatic certification threshold that approximates the cost of tuition for two semesters in the academic year, and 1/2 this total amount for a single semester, or for spring/summer terms combined.

Any student who submits an application requesting more than the amount specified in this policy will receive a communication from the Financial Aid Office to explain these initial certification limits, and will be given an option to either proceed with the prescribed limit, or to appeal for certification of an increased amount. The requested loan certification will remain dormant unless/until the student responds to this message. After 30 days, if no response is received, the student will be asked to respond within 10 days or the loan application will be cancelled.

Students who wish to appeal for increased loan amounts will be directed to the Financial Fitness Center homepage, to schedule an appointment for an expedited review.

Automatic Certification Threshold

If eligible for federal financial aid:

\$6,000	Fall/Winter Combined Enrollment
\$3,000	Fall or Winter Enrollment (as a single semester)
\$3,000	Spring/Summer Combined Enrollment

If not eligible for federal financial aid:

\$11,500	Fall/Winter Combined Enrollment (First Year)
\$12,500	Fall/Winter Combined Enrollment (Second Year)
\$13,500	Fall/Winter Combined Enrollment (Third Year and Beyond)
\$5,750	Single Semester or Spring/Summer Combined Enrollment (First Year)
\$6,250	Single Semester or Spring/Summer Combined Enrollment (Second Year)
\$6,750	Single Semester or Spring/Summer Combined Enrollment (Third Year >Beyond)