



ALTERNATIVE FINANCING INFORMATION
OFFICE OF FINANCIAL AID, PROVIDENCE COLLEGE

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THE COST OF ATTENDANCE

The Cost of Attendance, also known as your “budget”, is the total expenses a student would typically incur in a given academic year at Providence College. This figure is comprised of both direct expenses which will appear on your student billing statement (i.e. tuition, fees, room and board) and indirect expenses that will not appear on your student billing statement (i.e. allowance for books, personal expenses).

When deciding how much to finance, you are able to borrow up to your “budget” minus any other financial aid or resources you are receiving. This affords you the opportunity to borrow a little more than your direct charges in order to help defray other costs you may incur throughout the academic year (i.e. books, personal expenses). If you have a credit on your student billing account after all your direct charges and financial aid resources have been applied, the Bursar’s Office will issue you a refund check after the add/drop period.

BUDGET WORKSHEET/FINANCIAL AID NOTICE

Our office has prepared a [Budget Worksheet](#) to assist you in determining the estimated amount you might be expected to pay toward your direct costs. This worksheet includes a list of potential charges you may be assessed based on your individual circumstance (i.e. resident vs. commuter). Completing the form will give you a rough estimate of your charges. Then, using your most recent [Financial Aid Notice](#) you can complete the credit section. By subtracting your credits from your charges you will be left with the estimated amount you might want to finance. From www.providence.edu click on Admission, Undergraduate Financial Aid and then Publications to locate the Budget Worksheet.

Please note, your direct charges will be assessed each July for the Fall semester and November for the Spring semester. Payment is expected by the Bursar’s Office on August 15th for Fall semester and December 15th for Spring semester. As always, we are here to guide you and provide you with as much information as possible. Our contact information is noted above. Please do not hesitate to contact our office with any questions or concerns.

ALTERNATIVE FINANCING OPTIONS

Once you have an idea of the amount you would like to finance there are several avenues available for you and your family to pursue to help cover the remaining costs. Below you will find a general overview of the most common financing options to help guide you toward a decision that will best suit your needs. Ultimately the financing option you choose is up to you and your family since the appeal and benefit of the many alternatives will be influenced by your individual family financial circumstances, comfort level and need. Keep in mind that you are financing on a yearly basis so whatever option you choose this year can be changed in future years.

PARENT PLUS LOANS

You may consider applying for a Parent PLUS Loan to help manage the difference between your direct charges and financial aid you are receiving. These loans are in the parents’ name on behalf of the student and based on the credit history of a parent. For PLUS loans disbursed on or after July 1, 2008 parents can begin repayment on the principle and interest 60 days after the loan is fully disbursed (i.e. approximately March of the students’ spring semester). Or parents can begin repayment on the principle six months after the dependent student, on whose behalf the parent borrowed, graduates or ceases to be enrolled on at least a half-time basis. Interest will accrue on this loan while the student is in school and it is suggested that it be paid on a quarterly basis to the lender who holds the loan. The interest rate on parent loan products will vary depending on the lending authority that you participate with and there is usually an upfront processing fee valued anywhere from 2% - 4% of the total loan amount you have requested to borrow. Parents may choose to participate in the Direct Parent PLUS loan offered by the U.S. Department of Education (administered by our Student Loan Office) or a Non-Direct (FFEL) Parent Loan product (administered by any authorized lending authority or bank).

Please note, Providence College requires all families who apply for a Parent PLUS loan must also complete a current year FAFSA application even if the family is not interested in receiving other federal student aid.

ALTERNATIVE STUDENT LOANS

You may consider applying for an alternative student loan product to help manage the remaining balance on your billing statement after your financial aid has been applied. Students are the primary borrower for this group of loans. A credit worthy cosigner is required which in most cases is a parent or guardian. Often lenders will relieve cosigners of their obligations to this loan after the student has entered repayment and made a specified number of on-time payments. This type of loan acts more like a traditional student loan where the principal amount you borrow does not become due until the student graduates or drops below half-time.

However, interest will accrue on this loan while the student is in school and it is suggested that it be paid on a quarterly basis to the lender who holds the loan.

Interest rates change on a quarterly basis for alternative student loans since they are driven by the LIBOR or Prime rate. Current LIBOR or Prime rates can be found by visiting www.bloomberg.com then selecting 'Market Data', 'Rates & Bonds' from the drop down menu, then 'Key Rates' along the left hand side of the page. LIBOR and Prime rates represent the minimum baseline interest rate. Once you have chosen a lender and they run your credit, your interest rate may have an additional 2%-4% on top of the baseline LIBOR or Prime rate.

If you are interested in applying for one of these loans, you must contact the lender of your choice to begin the application process usually by going to their website and applying online. Once you have a loan approval, the lender will forward us the information for enrollment and cost of attendance certification. Once certification is complete and all other paperwork required by the lender has been satisfied, the loan funds will be released to us on or after the beginning of each semester. It takes approximately 21 business days to complete the entire application with the third party lender and Providence College. We strongly encourage you to make sure your application has been initiated in enough time to ensure that payment is pending or received by the date your student bill is due.

Please note, many of your home state lending agencies may offer loan products at reduced rates simply by being a resident of that state. Contact your home state lending authority for more details: Rhode Island Residents can contact RISLA (Rhode Island Student Loan Authority) at www.risla.org, Massachusetts Residents can contact MEFA (Massachusetts Educational Financing Authority) at www.mefa.org, Vermont Residents can contact VSAC (Vermont Student Assistance Corporation) at www.vsac.org, New Hampshire residents can contact NHHEAF Network at www.nhheaf.org, Maine Residents can contact FAME (Finance Authority of Maine) at www.famemaine.com, Pennsylvania Residents can contact PHEAA (Pennsylvania Higher Education Assistance Agency) at www.pheaa.org and New Jersey Residents can contact HESAA (New Jersey Higher Education Student Assistance Authority) at www.hesaa.org.

PAYMENT PLAN

Providence College contracts with Tuition Management Systems (TMS) in order to offer a monthly payment plan option for you and your family. The plan offered by TMS allows families to spread all, or a portion, of a student's balance due over a full year. There is a nominal fee to enroll in this service, and the amount you wish to finance over the 10 month plan is up to you. Should you be interested in this program or would like additional information, please contact the Bursar's Office at 401-865-2284.

HOME EQUITY LOANS

Home equity loans are another attractive financing opportunity because of the tax benefits associated with the interest payments.

IMPORTANT BORROWING TIPS

- Use your most recent [Financial Aid Notice](#) and our [Budget Worksheet](#) to determine how much you need to borrow. Remember, only borrow what you think you will need for the entire academic year.
- When deciding on a loan amount remember you are taking out a loan for the entire academic year, not per semester.
- Be an informed borrower and choose your lender carefully! Make sure you read all the fine print in each document you are signing.
- Peak processing time for parent/alternative loans is June through September but will continue to be processed through the entire year.
- For record keeping purposes, you might want to stick with the same lender each year. However, you should continue to research products since another lender may be able to offer you better incentives in future years.
- When applying for loans, make sure you only apply for one at a time. Each time you apply and a lender runs your credit (at your request) it appears on your credit report. The more loans you apply for at the same time, the lower your credit score could be.

ALTERNATIVE FINANCING COMPARISON CHART

PROGRAM	LOAN AMOUNT	INTEREST RATE	MONTHLY PRINCIPAL/INTEREST	REPAYMENT TERM (MONTHS)
TMS (PAYMENT PLAN)	\$20,000	0%	\$2,000.00	10
PARENT PLUS LOAN	\$20,000	7.90%*	\$241.60	120
ALTERNATIVE LOAN	\$20,000	5.25**	\$214.58	120
HOME EQUITY LOAN	\$20,000	8.40%***	\$246.90	120

*This rate represents the 2008-2009 Direct Parent PLUS Loan offered through the U.S. Department of Education

**This rate reflects Prime as of 1/22/09 (3.25) plus 2%. Your rate may vary due to credit history and lender you have selected.

***This rate is only an example. Please contact your preferred lending institution for a current rate.