

Private loans

If you still need money for college after reaching the borrowing limits for federal loans, look into other options, starting with those listed on page 13.

Private loans, an additional option, often carry higher interest rates and fees than federal loans, and may have less attractive repayment terms. Typically, the interest rates on private loans are variable and can change from month to month. Private loans are usually based on your credit rating and income-to-debt ratio—not financial need—and may require a co-signer. The information in your credit report will determine the interest rates you qualify for.

A number of lenders offer private loans. Ask questions and compare lenders to make the choice that's best for you.



If you withdraw from school, you may have to pay back some or all of the federal aid you received for the term. Contact your college's financial aid office and your academic advisor to understand the possible consequences before you decide to leave school.

Looking for a private loan? questions to ask



- What's the interest rate? Fixed or variable? If variable, how often will it be adjusted? When does interest capitalize and how often?
- Is there a maximum amount you can borrow?
- Is a co-signer required? Will having a co-signer lower the interest rate?
- Is there an application fee? Are there any disbursement fees? Any repayment fees?
- Is the loan check payable to you or your college? How long does it take to receive funds?
- Are there reduced interest rates for on-time payments?
- What will your minimum payment be? When does repayment begin? How long do you have to repay? Is there a prepayment penalty?
- Will you get one bill for all your private loans? Can your private loan bills be combined with your federal loan bills?
- Will your payments be deferred while you're in school? If so, will interest continue to accrue?
- What happens if you can't make your payments due to a job loss or other economic hardship? Do you have any deferment or forbearance options?