

# INDIANA UNIVERSITY SOUTHEAST

## Private Loans

Private loans should only be considered when all other resources (such as Stafford or PLUS loans) have been exhausted. Because alternative loans are not guaranteed by the Federal Government, they must be insured privately. This extra cost is passed on to the borrower in the form of higher fees and interest rates. In addition, the lender will look at your credit history as well as other factors to determine if they will lend to you.

### **Eligibility Requirements:**

Requirements vary according to the lender. Some common requirements are:

- Undergraduate or graduate student in a degree or certificate program
- Enrollment depends on lender's requirements
- Creditworthy borrower or borrower with a creditworthy cosigner
- Student may be required to be a U.S. citizen, permanent resident or eligible non-citizen

### **What to consider before deciding on an alternative loan:**

- What is the interest rate – is it fixed or variable?
- How is the interest rate calculated and capitalized?
- What fees are applied?
- Can principal and interest be deferred?
- When does repayment begin?

### **How to find a lender and apply for a private loan:**

- Contact your own bank to see if they offer an alternative loan program.
- Search for “alternative student loans” on the internet
- Apply online or applications can be obtained by calling the lender.
- Loan must be certified through the Office of Financial Aid

### **Be a smart consumer!**

It is important to keep all borrowing within reasonable bounds – never borrow more than you believe you will be able to repay.

\*\*The Office of Financial Aid cannot recommend a lender for you. If you have any questions about the loan, please contact the lender.

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