

## Alternative (Private) Loans

Alternative loans are private loans made through lending institutions that are not necessarily part of the federal government programs. They can be more expensive than federal government guaranteed loans.

Students are strongly encouraged to complete the [Free Application for Federal Student Aid \(FAFSA\)](#) when applying for an alternative loan. Stafford Loans and Graduate PLUS Loans are processed **first** before alternative loans because they have lower interest rates.

### What to look for in an alternative loan

- **Annual Percentage Rate (APR)** - the annual cost of your loan including fees and charges in addition to interest
- **Enrollment** – the amount of hours you need to be enrolled in per semester to apply for the loan
- **Repayment Incentives** - savings that reward borrowers who make payments on time
- **Loan Limits** - annual limits or a total limit on what you can borrow
- **Pre-approval** - approval may be quicker if it can be done over the phone or online
- **Cosigner**- a cosigner may or may not be required; a cosigner may reduce the cost of the loan
- **Interest Capitalization** - interest incurred while you are in school may be added to your principal balance; it may be capitalized at repayment or annually, which is more expensive
- **Repayment Schedule** - repayment may begin immediately or after you graduate or leave school
- **Repayment Period** - the length of time you have to repay the loan

[Private Loan Information \(finaid.org\)](#)

[Student Loan Finder](#)

[Private Loan Search](#)

[Student loans: Avoiding Deceptive Practices](#)

[Federal Trade Commission \(see credit and loans\)](#)