

PRIVATE STUDENT LOAN CHEAT SHEET

Due to the federal loan limits, many veterinary students will need to turn to private student loans. Set yourself up for success with this cheat sheet:

Private student loans basics:

- Loans available from banks, credit unions, online lenders
- Eligibility is credit-based
 - Your **credit history** and (sometimes) income will determine eligibility
 - **Credit scores** predict likelihood to repay loans
 - Minimum credit score to qualify: 640-660
 - Often available via bank, credit card issuer, or credit bureau
- Cosigner may be required to obtain a private student loan
 - Creditworthy adult who will also be responsible for your private student loans if you are unable to make required payments
- Interest rates are likely to be higher than **federal Direct Unsubsidized student loan rates**
- Private loans are **not** eligible for federal income-driven repayment, forgiveness, or Public Service Loan Forgiveness

Read the fine print **BEFORE** you sign for private student loans!

- Understand your loan interest rate: fixed vs. variable
- Know your repayment options during school
 - Deferment, interest payment, full payments
 - Frequency of interest capitalization
- Understand your loan term: duration of repayment after school
 - Longer (15, 20 years) = lower monthly payments, more interest paid
 - Shorter (5, 10 years) = higher monthly payments, less interest paid
- Additional Fees: application, origination, pre-payment, late payment

Critical questions to ask your private lender

- ✓ What is my interest rate?
- ✓ Is this a fixed or variable interest rate loan?
- ✓ Are there any origination, application, late payment, or pre-payment fees?
- ✓ What are my repayment options while I'm in school?
- ✓ What happens to my interest during school?
- ✓ Is there a grace period after I graduate before I have to start making full payments?
- ✓ What is my expected balance when repayment begins?
- ✓ What happens if I have trouble making payments? Are there any forbearance or deferment options?

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Questions? Email ApplySmarter@VINFoundation.org.