

# Private Education/Alternative Loans

A private alternative loan is a non-federal educational loan, typically issued in the student's name and requiring a co-borrower. Students who qualify for an alternative loan—based on their credit history, not need or income.

A private education loan may reduce eligibility for free or lower-cost federal, state, or school student financial aid. You are strongly encouraged to pursue the availability of free or lower-cost financial aid with the school's financial aid office before borrowing a private education loan, you should carefully consider your present level of debt and repayment obligations on all loans.

**Private Education/Alternative Loans may be available for certificate/diploma programs that do not meet the requirements necessary for traditional financial aid.** Private loans are offered by private lenders and there are no federal forms to complete.

Private education loans tend to cost more than the education loans offered by the federal government, but are less expensive than credit card debt and personal loans through a bank.

The interest rates and fees you pay on a private student loan are based on your credit score and the credit score of your cosigner, if any. Generally, if your credit score is less than 650 (FICO), you are unlikely to be approved for a private student loan. An increase of just 30 to 50 points in your credit score is often enough to get you better terms on your loan.

It is better to apply for a private student loan with a cosigner even if you could qualify for the loan on your own. Just applying with a cosigner usually results in a slightly lower rate, as such loans are not as risky for the lender. Moreover, the interest rates and fees are usually based on the higher of the two credit scores. Therefore, if your cosigner has a much better credit score than you, it could result in a much lower interest rate.

## How much should I borrow?

You may borrow any amount up to the full cost of attendance (tuition and fees, and books and supplies). When determining the amount you will need to borrow, keep in mind that some private alternative loans charge a loan origination fee that may be deducted from the loan amount you request.

The following are a few companies who offer Private Education loans to students:

PNC – <http://www.pnconcampus.com>- (Solutions Loans – undergraduate students)

Wells Fargo - <https://www.wellsfargo.com/student/loans/#undergraduates> - Wells Fargo  
**Collegiate® Loan**

\*Or you can research anyone you would like to use.

