

Private Student Loans



What are private loans?

Private student loans are used to pay for college costs, but they originate with a bank, credit union or online lender rather than the federal government.

Private student loans can be a good option if:

- You have already completed the Free Application for Federal Student Aid, known as the [FAFSA](#), to see if you're eligible for federal grants, work-study and federal loans.
- You have already borrowed the maximum in both subsidized and unsubsidized federal student loans. **Federal loans almost always have lower rates, fees and more repayment options than private loans. We encourage students and parents to get informed about all their loan options.**
- You have good credit (a credit score of 690 or above) **or** a co-signer who does. Most private student loan borrowers have a co-signer (see below)
- You borrow only what you need.

Things to keep in mind before applying for a private loan:

Consider a Parent PLUS Loan - Parents can borrow money from the US Department of Education for their student at typically lower rates than offered by private lenders. The credit check required is often less stringent so borrowers more easily qualify and they can borrow up to the full cost of attendance (minus all other student aid). Many parents qualify for larger Parent PLUS loans than for private loans. Compare options at [Federal vs. Private Loans](#)

Clean up your credit - Your credit plays a big role in the interest rate you pay. The better your credit, the lower the rate you can qualify for. Check both your credit report and credit score to see where you stand. If your credit is poor or average, take steps to [improve your credit](#) before you submit an application.

Consider a co-signer - If you aren't able to improve your credit enough to qualify for desirable rates, consider asking a friend or relative to [be a co-signer](#) on your application. A co-signer is someone with strong credit who agrees to add their name to your loan. If you can't make your payments as agreed, the co-signer is responsible for paying off your debt. Some private lenders offer co-signers a release after the student has completed some portion of their repayment.

Compare lenders - Each lender sets interest rates based on its own proprietary underwriting requirements. This means that some will offer you a better deal than others. That's why it's so important to shop around and [compare private lenders](#) to find the best rates you can qualify for.

Choose between fixed and variable rates - When you've chosen your desired lenders, you can submit applications and wait for approvals. Many private lenders allow you to choose between [fixed and variable-rate student loans](#) when finalizing your deal.

Generally, variable rates start lower than fixed rates—but variable rates can change over the life of the debt. That means you could be stuck paying a higher rate later on, and your monthly payments may change as well. Fixed rates may start off higher, but they're locked in for the life of the loan. That means they will never change and your monthly payment will remain constant.

Select the right repayment terms - Your repayment timeline can also affect the interest rates you're offered by private lenders. Many student lenders offer terms ranging from five to 15 years, though some will allow repayment for even longer.

Typically, shorter repayment terms come with lower interest rates. Plus, you'll pay less interest simply because you're in debt for a shorter period of time. However, your monthly payments will be larger with a shorter term.

Where to go to compare lenders and loans?

Visit www.nerdwallet.com or bankrate.com and go under the Student Loans page. You can compare lenders and rates there.

Who do you recommend?

While we cannot recommend one lender over another, see below for some of the more popular lenders students chose:



Offers no co-signer student loans

What if I still have questions or need help?

The Financial Aid Department is here to help! If you have any questions, please let us know.

Also, please visit Bankrate's webpage for more information regarding private student loans: www.bankrate.com/loans/student-loans/

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