

Borrowing Private Student Loans

Graduate and Professional Students

You may need to borrow private student loans to help you pay for the cost of your education beyond what you are eligible to borrow in the **“Federal Direct Unsubsidized Loan”** program offered by the U.S. Department of Education (ED). Private student loans are credit-based education loans that are offered by a number of organizations/lenders to eligible graduate/professional students who meet the credit criteria required by the lender to help pay for their education.

You will need to select the lender and loan program from whom you borrow the private student loan funding you need to fill any remaining financial gap. The terms and conditions will differ from lender to lender. As such, you should compare the different loan programs/options and lenders to determine which lender/loan option will best meet your needs. *And try to confine your “shopping/applying” for the lender/loan option that is best for you to a window of no more than 7-10 days to limit the potential negative impact of doing so to your credit score. Applying for a loan typically results in a “hard inquiry” of your credit history/credit report by the lender and can lower your credit score.*

At a minimum, you should get answers to the following questions for each lender/loan program you are considering before you make your borrowing decision:

- What is the interest rate (and is it fixed or variable)?
- Are there any fees?
- Are there annual or aggregate loan limits as to how much you can borrow?
- Do you need a co-signer to get approved for the loan? Will having a co-signer lower the interest rate? Can the co-signer get released from the obligation at some point?
- When will the loan(s) enter repayment (i.e., is there a “grace period” before the start of active repayment)?
- What is the length of the repayment period, i.e., how long do you have to repay the loan?
- How much will you be required to pay each month once the loan(s) is/are in repayment?
- Are there any prepayment penalties?
- Do you have any options once the loan(s) is/are in repayment to further postpone repayment if you cannot afford to pay the billed amount by the due date?
- Can you postpone repayment during any in-school period if you pursue another degree in the future?
- Can you postpone repayment to complete any additional professional training after you graduate (e.g., residency/fellowship)?
- Does the lender offer any “borrower benefits” (e.g., interest rate reduction for auto-pay payments) and/or “loyalty benefits” to borrowers?
- Does the lender offer any other financial products/services that might be of value to you?
- What is the reputation and customer satisfaction of the lender?

You can contact the Financial Aid Office at the school you plan to attend if you have further questions about borrowing private student loan funds. They may have additional information and/or tools and resources that could assist you in selecting the lender/loan program that best meets your needs.

You also should check your credit report before you apply for a private student loan to verify that all reported information is correct and that you have not become a victim of identity theft or credit fraud. Doing so should have no negative impact on your credit score. You will need to address any credit issues before you apply for a private loan if you want to prevent the issue(s) from impacting your ability to qualify for the private loan funding you need.

All consumers now are entitled to a free copy of their credit report from each of the three national consumer-reporting agencies due to the Fair and Accurate Credit Transactions (FACT) Act of 2003. For your free copy, go to: AnnualCreditReport.com. This web portal was created by the three national agencies in response to the FACT Act requirement. You also may have access to a complimentary copy of your credit report through your bank or other creditors.

*And remember, private student loans do not provide the same flexible and affordable repayment options/benefits as the **Federal Direct Unsubsidized Loan** program [e.g., the “**Repayment Assistance Plan**” (RAP) that provides an income-driven repayment option, and loan forgiveness benefits]. As such, consider **MAXIMIZING** what you are eligible to borrow in the **Federal Direct Unsubsidized Loan** program before you consider borrowing private student loan funds to fill any financial gap in paying for your education.*



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