

# ACOM Private Loan Guidelines

## Considering private loans? Here are a few points to keep in mind:

1. Explore federal student aid options first. Federal loans have fixed interest rates, multiple repayment options, and do not require a credit check (except for PLUS). In addition, federal unsubsidized and PLUS loans are not based upon financial need.
2. Borrow only what you **need** to meet your education-related expenses. Don't finance your **wants** for decades using loans. If you live like a doctor while you are a student, you may be forced to live like a student when you are a doctor.
3. Don't assume that you aren't eligible for federal loans. Federal unsubsidized and PLUS loans are not based upon need. If you have lost eligibility for federal loans in the past, the Office of Financial Aid can review your record to determine whether you can regain eligibility.
4. Compare, compare, compare. Do your homework and take a close look at multiple lenders in order to find the best option. Consider all terms including APRs, repayment options, grace periods, deferment periods, etc. Is the rate fixed or variable? How are their customer service reviews?
5. When using a cosigner, don't settle. Make sure that the cosigner is creditworthy so that you don't end up paying the price for someone else's mistakes.
6. When possible, pay the interest that accrues during the in-school period. This will reduce the cost of the loan by avoiding the capitalization of interest. If you intend to pay the interest as you go, you may even be able to negotiate a lower rate or fees from the lender.
7. Borrow from a reputable source. Go with a lender that has an extensive history and a solid reputation among consumers. Avoid payday lenders and other similar organizations at all costs as they usually have high interest rates and fees.
8. Think long-term. Consider the various phases of your life over the coming years, and see how well the loan fits. If you plan to apply for one of the loan repayment/forgiveness programs, ask the lender whether the loan you are considering will qualify.

## Questions to Ask a Potential Lender

### What are your Repayment Terms?

- 10, 15, 20 years, more?
- Is there a prepayment penalty?

### What are your Enrollment Requirements?

- Less than half-time, at least half-time, full-time?

### Do you have any Repayment Incentives?

- Do you offer an interest rate reduction if I sign up for automatic payments from a bank account?
- Do you offer an interest rate reduction for making a particular number of consecutive, on-time payments?
- Do you have flexible repayment options? What are they?
- Do you provide deferment and forbearance options? What are they?

### Is there a grace period?

- What is it?
- Does interest accrue during the grace period?
- If I am having trouble making the required monthly payments, what are my options?

### What will my monthly payments be?

- Can they vary, based on loan amount and interest of loan?

### What are the loan amounts?

- Do you have an Annual Minimum? •
- What is your Aggregate Maximum? •

### What is the Interest Rate? •

- When does interest begin to accrue?
- Is it based on Prime Rate or LIBOR?

### Are there any fees?

- How are fees assessed?
- Can I get a loan without any fees?

### Am I required to have a cosigner?

- If I'm approved without a cosigner, can my interest be lowered if I get a cosigner?
- Can a co-signer be released at any time?

### Am I required to maintain Satisfactory Academic Progress according to school's policy?

- If so, how will I report my grades?