



Private/Alternative Loans

Private loans, also known as alternative loans, can help you cover your educational costs after exhausting federal, state, and institutional options. Unlike Federal Direct Loans, private loans are offered by private lenders and eligibility depends on your credit score.

Tip: Use Federal Student Aid Options First

Students are strongly encouraged to apply for federal, state, and institutional financial aid using the Free Application for Federal Student Aid (FAFSA) before seeking an alternative loan. Loans from the Federal Direct Loan program are awarded based on FAFSA information, and may offer more benefits than alternative loans (i.e., lower interest rates, more repayment options).

Choosing a Lender

Choosing a private lender is an important financial decision. The Office of Financial Aid recommends that, before applying for a private loan, you should extensively research your lending options to identify the private lender whose terms best meet your needs. We have provided a [list of lenders](#) based on historical borrowing at UTEP. Please be advised that this list is not inclusive of all lenders who offer private loans, nor does it confer any preference to these lenders. UTEP does not endorse any lender.

Some questions that you should ask as you research lenders are:

- Is a cosigner required?
- What is the interest rate? Is it variable or fixed?
- Will the lender capitalize accrued interest (add it to the loan principal) and, if so, when and how often?
- Is there an origination fee, and if so, how much is the fee?
- Will my lender sell my loan to another agency/company? If so, will the loan terms change?
- Does the lender offer flexible repayment options?
- Will the lender offer any online repayment incentives?

- Does my lender offer a cosigner release option (the cosigner is released from responsibility after I make a required number of payments)?
- Are there fees for paying off the loan early?

Application Process

According to the Truth in Lending Act, student loan lenders are required to provide multiple disclosures to borrowers, including (but not limited to) interest rates and types, co-borrower requirements, borrowing terms, payment deferral options, and general eligibility information.

Student loan lenders are required to obtain a Self-Certification Form from the borrower as part of the loan application process. A copy of the form is provided by the [U.S. Department of Education](#).

The lender also requests eligibility certification from the Office of Financial Aid. The application process usually takes several weeks from start to finish, so please plan accordingly.