

Private Student Loans: Three Important Questions

With the recent changes to borrowing and repayment, we anticipate that many incoming medical students will need to borrow private loans to pay for medical school. We have a separate document on private loans that focuses on questions to ask private lenders about their actual terms and conditions. However, we have three more important questions you should ask when thinking about and applying for private loans for medical school:

Question 1: Does the financial aid office (FAO) have what is often called a Preferred Lender List?

- Your FAO may have information about individual lenders with regard to their application process, reputation in the lending community, and overall knowledge of medical school students. We suggest you start there before shopping for a private lender.
- Your FAO may also know whether particular lenders sell their loans to another lending institution, as this can make tracking your loans challenging (meaning you borrowed from one lender and now you owe another one).

Question 2: How often does the lender of the private loans you borrow check your credit?

- Remember, private loans are based on your credit (and that of your creditworthy cosigner, if you get a cosigner). It is not unusual for private lenders to run credit checks on borrowers every six months, as well as at any time you apply for a new loan.
- This common occurrence is why it is imperative for you to keep your credit as clean as possible by not being late on payments for rent, credit cards and other obligations. It will also be important to pay down any outstanding credit card balances before you start medical school, as this will help to maintain a good credit score. Note that credit card expenses cannot be added to your cost of attendance (financial aid budget).

Question 3: What is the maximum amount the private lender will be willing to lend you during medical school?

- This is extremely important because the last thing you want is to need more private loan funding later in medical school only to be told that you have reached the maximum amount available.
- You should also check to see if any cumulative maximums they reference include other borrowing, such as federal loans.

We hope this information helps if private student loans should be part of your approach to paying for medical school.

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