

ESTABLISHING CREDIT

Graduate and professional students may be impacted by changes to regulations for Graduate PLUS loans. Students are encouraged to learn about the impacts of credit when applying for private loans.

What is credit?

Credit is the ability to borrow money or access goods or services with the understanding that you'll pay later. Credit history impacts your ability to obtain credit cards, home and auto loans, and other credit services, as well as the interest rates and other fees related to these services. Your credit may affect your ability to be approved for a private student loan if that is something you need for your educational costs with the elimination of the Graduate PLUS loan effective July 1, 2026.

What is a credit report?

A credit report summarizes your credit types, repayment history, and account age, helping lenders assess your eligibility for their services. Credit reports are maintained by the credit bureaus (e.g., Equifax, Experian, TransUnion) and can be requested for free once every 12 months from each of the credit bureaus online at annualcreditreport.com. If you do not have any lines of credit, you will not be able to request your credit report. Credit reports include details of your credit such as:

- Full payment history
- Total amount of debt
- Length of credit history
- Types of credit (credit cards, loans, etc.)
- Inquiries for new credit (loan and credit card applications)

What makes up your credit score?

A credit score measures credit risk based on your credit report. It's influenced by factors like new credit requests, payment history, credit usage, credit history and credit types.

How can you establish credit?

You can build credit by becoming an authorized user on a trusted person's credit account, benefiting from their credit history. Alternatively, applying for your own credit card allows you to build credit through making on time payments.

Requesting Your Credit Report

1. Visit the official site online at annualcreditreport.com
2. Fill out the request form (name, birthdate, address, Social Security number)
3. Select one or more credit bureaus (Equifax, Experian, TransUnion) to view your report
4. Review the report online and download or print your report to check for errors

Requesting your credit report will not show you your credit score. Your bank or credit card company may be able to provide you with your credit score for free.



Building Credit

- Track your spending to avoid impulse purchases
- Pay your full balance on time
- Know your loan and credit card interest rates
- Make consistent on time payments for all bills and credit cards

PRIVATE LOANS & CREDIT

A student's credit information is a key factor in the decision-making process for private loan lenders.

Cosigner Information

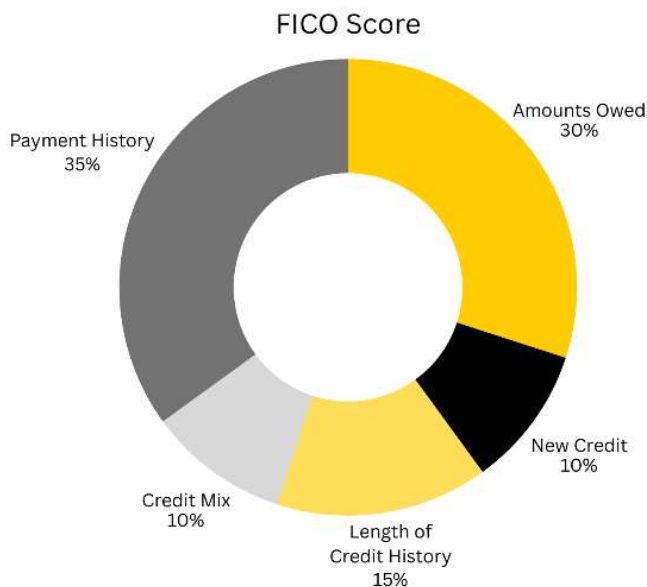
A cosigner shares legal responsibility for repayment. Cosigners with good credit can improve approval odds and help secure lower interest rates.

Credit Score Impact on Loan Interest Rates

Interest is calculated as a percentage of your total loan amount. Your and your cosigner's credit scores can determine your chances of approval and interest rate. Interest rates with private lenders can be fixed or variable. Fixed rates are set for the life of the loan while variable rates change throughout, even while you are in school. Higher interest rates increase your total repayment amount because a larger portion of your payments go towards interest rather than reducing the principal balance of the loan.

FICO Score

Your FICO Score is a three-digit number summarizing your credit report. Information considered includes the length of your credit history, payment history, amounts owed, new credit, and other impacts to credit. Lenders often use FICO scores as a fast and consistent way to make lending decisions. However, lenders may also use other information in lending decisions, known as underwriting.



Preferred Lenders

There are many private financial institutions, banks, and credit unions that offer student loans. To review a list of private lenders we have curated, review the [preferred lender list](#), an online comparison tool, on our website. You do not have to use one of the lenders on our preferred list.

Underwriting

Underwriting is a loan lender's process of evaluating the risk of lending money to a borrower. Key factors in underwriting decisions include:

- Creditworthiness
- Income and employment
- Debt-to-income ratio (DTI)
- School certification
- Loan terms

Contact Us

Have questions?

Schedule an appointment with a Financial Aid Advisor through MyUI.

Email: financial-aid@uiowa.edu

Phone: (319) 335-1450

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