

CONSIDERING A COSIGNER



Cosigners for Private Loans

Credit history and other factors are considered during the application process for private student loans. Depending on the student's credit history, a cosigner may be needed. Additionally, a cosigner's credit score can help to get a lower interest rate.

How is your credit history?

Lenders want to ensure that both the primary borrower and/or the cosigner can repay the loan. They will consider factors such as credit history, credit score, and outstanding debts. They will also check if the borrower has made timely payments or if has a history of defaulting on loans or filing for bankruptcy.



Not having enough credit history could be an issue.

Lenders know that students often lack employment and credit history, so they may require a cosigner to be equally liable for the loan repayment. When there is a cosigner for a private student loan, the lender can be more confident that the loan will be repaid. A borrower's credit history will be evaluated and the likelihood of being approved for a student loan with a lower interest rate may be increased.

Who is responsible for the student loan?

Cosigning a student loan is a significant decision. It is a legally binding agreement that a borrower agrees to share the responsibility of repaying the student loan on time and in full. If the student and/or cosigner fail to make payments, the student and cosigner are held equally accountable for missed payments. Late or missed payments will have a negative impact on both the student's and the cosigner's credit report.



Who can be a cosigner?

Any person who meets the underwriting criteria for a student loan can be a cosigner. Typically, a cosigner is a family member, but it is not a requirement. The best cosigner is the one whose credit history lowers the interest rate the most!