

## Student Loan Cosigner

If you are a student facing the situation of getting a student loan, you are not alone. The process itself is fairly easy and the benefits, of course, are the ability to have the money needed to pay for college and get a degree. One of the most common questions asked when this situation arises is that of a cosigner. Is it needed? What does it do? Are there any added benefits to me or better yet, will my cosigner be affected by doing this for me?

The short answer to all of the questions posed above is a resounding yes. Let me explain. Private student loans are issued based on your credit and that of a cosigner. This means that typically the amount of the loan will be based on the borrower's credit score. Also, the better the credit score, the lower the interest rate. You see where this could be a problem? Typically, students just graduating high school don't really have an established credit record, making it almost impossible for them to get a loan by themselves and if they do, it generally is at a very high interest rate. This is where the cosigner comes in.

Having a cosigner with a decent credit score will get you the best interest rate possible. This is a huge bonus because having a 15% interest to a 8% interest is a huge difference and in the long run, will save you over \$6000 in accrued interest from the life of the loan. Also, having a cosigner will allow you to apply for premium student loans such as Sallie Mae Signature Loan or a Tuition Answer Loan that will most likely increase your chances of being approved.

It seems like a no brainer that a cosigner is the best option and it most likely is. The real question is, how does cosigning a loan affect the cosigner? To answer this, one must know that cosigning a loan means that the cosigner is guaranteeing to repay the loan should the borrower fail to make the monthly payments. This means that the loan will almost always appear in the cosigner's credit history and could affect his chances to get another loan and a mortgage from the bank. At the very least, the cosigner might have to pay a slightly higher interest rate because the lenders view the credit history and see cosigning a student loan as a liability against this person. Not to fear though, if the loan is paid off as agreed, then both the credit histories will be benefitted, the student's much more than the cosigner.

One of the best candidates to cosign is a student's parent since they will usually help out with college costs and will probably be the easiest to get to cosign. This is a huge responsibility for them and it is important for the student to pay all of their bills on time so the cosigner won't have credit issues in the future. If this is done properly, then it is a win-win situation for both parties, if not, then both credit histories could be potentially harmed for years to come.

If you are searching for a private student loan, fill out the form below to compare rates on student loans from various lenders.