

COSIGNING

A PRIVATE STUDENT LOAN

Q&A

Students often do not have an established credit history, so it can be beneficial — and sometimes required — for students to have cosigners for their private student loans.

Here's what students and cosigners need to know before signing on the dotted line.



HOW DOES COSIGNING AFFECT CREDIT?

A cosigner is helping their student's chances of getting approved for a loan and building their credit profile. Both credit scores will be affected, so it's important to make payments on time and keep the student loan in good standing no matter who is paying the bill.



WHAT IS A COSIGNER?

A cosigner is a creditworthy adult who agrees to take equal responsibility for the student loan. They can help improve the student's chances of getting approved and obtaining a lower interest rate.



HOW INVOLVED SHOULD THE COSIGNER BE?

Students and cosigners should discuss an arrangement that makes sense for them. Cosigners will have the same access to loan information as the primary borrower, so they can check in on account activity even if the student is primarily responsible for making payments.



DOES THE COSIGNER HAVE TO BE A PARENT?

Parents are often the cosigners, but that doesn't have to be the case. A cosigner should be an adult with good-to-excellent credit that the student knows well and is willing to discuss personal financial information with.



WHAT SHOULD COSIGNERS AND STUDENTS DISCUSS BEFORE SIGNING?

Establish clear communication and discuss the terms before a loan is taken out to help both parties understand the agreement. Also, talk about what happens if there are issues with repayment so there's a plan in place if needed.



WHO IS RESPONSIBLE FOR PAYING THE BILL?

Both the student and the cosigner are equally responsible to repay the loan. This means that even if there is an agreement between the cosigner and the student that the student will pay all of their student loans, the lender will expect the cosigner to pay if that obligation is not met.



CAN A STUDENT GET A PRIVATE STUDENT LOAN WITHOUT A COSIGNER?

It's possible to get a private student loan without a cosigner. But a student's chances of getting approved and getting a lower rate are better with a creditworthy cosigner.