

# Applying for a loan with a cosigner



A college education is one of the most important investments someone could ever make. However, if you are a student with little or no credit history, it may be difficult for you to qualify for a Smart Option Student Loan<sup>®</sup> on your own.

Applying with a creditworthy cosigner may give you a better chance of approval.

For more information visit  
**[SallieMae.com/SmartCosigner](https://SallieMae.com/SmartCosigner)**  
**1-855-429-9759**

For degree-granting institutions

# Benefits of having a cosigner

**A greater chance of getting approved for your Smart Option Student Loan.** When you apply with a cosigner, Sallie Mae considers the income and credit histories of both you and your cosigner. Therefore, a cosigner with a long history of good credit may be able to help overcome your limited credit history and enable you to qualify for the loan.

**An opportunity to build a credit history.** By obtaining a loan and by making payments on time you will establish a payment history, which will put you on a path toward building a credit history. Having a good credit history may help you get favorable interest rates on a car, a home, and other purchases after you graduate.

**Cosigner release available.** After graduation a borrower may apply for their cosigner to be released from the loan once they have made 12 on-time principal and interest payments and meet certain credit requirements.<sup>1</sup> Releasing the cosigner will not adversely impact the interest rate on the loan.

## Finding a cosigner

A wide range of individuals can be a cosigner as long as they are creditworthy, understand and accept the responsibilities of being a cosigner, and have demonstrated the following:

- **The ability to pay.** When Sallie Mae evaluates a cosigner, we look at their ability to pay which includes comparing the cosigner's total debt to their total income.
- **Stability.** We look at whether the cosigner has a stable job, and whether they have an established credit history.
- **Willingness to pay.** We consider the cosigner's credit score and their payment history on other types of credit, including credit cards, mortgages, and automobile loans to demonstrate their willingness to repay their financial obligations.

Note that a cosigner doesn't need to be a parent. In fact, 26% of cosigners on Smart Option Student Loan applications are an individual other than the borrower's parent.<sup>2</sup> It may be wise for students to consider creditworthy family members, a spouse and other individuals who are willing to help them achieve their education goals.

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or call 1-855-429-9759

This information is for borrowers attending degree-granting institutions only. Applications are subject to a requested minimum loan amount of \$1,000. Current credit and other eligibility criteria apply.

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

Explore federal loans and compare to ensure you understand the terms and features. Smart Option Student Loans that have variable rates can go up over the life of the loan. Federal student loans are required by law to provide a range of flexible repayment options, including, but not limited to, income-based repayment and income-contingent repayment plans, and loan forgiveness and deferment benefits, which other student loans are not required to provide. Federal loans generally have origination fees, but are available to students regardless of income.

<sup>1</sup> Only the borrower may apply for cosigner release. Borrowers who meet the age of majority in their state may apply for cosigner release by providing proof of graduation (or completion of certification program), income, and U.S. citizenship or permanent residency (if your status has changed since you applied). In the last 12 months, the borrower must be current on all Sallie Mae serviced loans (including no hardship forbearances or modified repayment programs) and have paid ahead or made 12 on-time principal and interest payments on each loan requested for release. When the cosigner release application is processed, the borrower must demonstrate the ability to assume full responsibility of the loan(s) individually, and pass a credit review that demonstrates a satisfactory credit history including but not limited to no: open bankruptcy, open foreclosure, student loan(s) in default or 90 day delinquencies in the last 24 months. Requirements are subject to change.

<sup>2</sup> Based on a rolling 12-month period from October 1, 2015 through September 30, 2016.

Smart Option Student Loans are made by Sallie Mae Bank or a lender partner. Applications are subject to a requested minimum loan amount of \$1,000. Credit criteria and eligibility requirements apply. Information valid as of March 27, 2017.

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