Lake/Geauga
Educational
Assistance
Foundation

Alternate Loans

July 15, 2017

Dependent students will require a credit worthy co-signer for their alternative loans. The co-signer is liable to pay the student loan back in the event that the student does not or cannot. Be aware that the credit report(income-to-debt ratio) for both the borrower (student) and the co-signer are equally affected. It is important that co-signers evaluate whether or not they can absorb the projected monthly loan payments. If they cannot, they should not co-sign for the loan.

Most alternative loans are structured to resemble federal student loans, meaning students may not have to make payments until after they graduate. However, students should carefully review the terms and borrower responsibilities before committing to an alternative loan. Alternative loans cannot be consolidated with Federal Student Loans. Some things to evaluate when considering alternative loans include:

- Interest rates – how high are they and are they fixed or variable?
- Are there fees associated with the loan?
- When does repayment begin?
- Can the co-signer be released from the loan at some point?

Students should check with their post-secondary institution to see if they have a listing of alternative lenders.