

# Co-borrower



## > Important information for co-borrowers

Co-borrowers, also called co-signers, are often needed to help college students take out the loans they need to pay for college expenses. You have been identified as a possible co-borrower for a student at Redstone College. When you decide to be a co-borrower, you enter into a partnership to help a deserving young person receive an education that will serve him or her for a lifetime.

Please take a moment to review this fact sheet for co-borrowers. This information may help you decide whether to become a co-borrower for a Redstone student. If you decide to help your student attend college by agreeing to be a co-borrower, you will need to complete a loan application to get started. Our student finance specialists are more than happy to answer your questions and help you with the next steps.

### > What is a co-borrower?

A co-borrower is a person, other than the borrower (the student), who signs the promissory note as a backup for repayment on the loan. Most co-borrowers are parents, relatives or friends with a good credit rating who support a student's dream of a college education and a brighter future.

A co-borrower can help a student qualify for a larger amount of financing and ensure he or she gets the best possible interest rates for certain types of loans. Being a co-borrower does not mean you are paying for a student's college education. If a student cannot repay the loan, the co-borrower then takes responsibility for payments.

### > Why do many students need co-borrowers?

Even after receiving grants, scholarships and federal loans, most Redstone College students still need private bank loans to pay for the remainder of college costs. Dependent students (under the age of 24) almost always require a co-borrower. Because private loans are credit based, they require an acceptable credit rating and, in many cases, the better the rating, the lower the interest rate. Having a co-borrower often ensures that students get the best possible financing on these loans.

### > Important facts

- With the help of a co-borrower, students may qualify for a loan despite having poor, little or no credit history.
- With the help of a co-borrower, students build credit history with every payment made.
- With a co-borrower, students are not assessed a prepayment penalty. Students can choose a longer repayment term to have lower monthly payments while in school and then pay off the loan early to save on interest.
- With your student's permission, you can receive ongoing progress reports throughout his or her time at Redstone.
- As a co-borrower, you may have the option to be released from the loan after the student has made 24 on-time payments of interest and principal, and the student qualifies for the loan without a co-borrower. Check with the lender.

By becoming a co-borrower, you're helping someone you care about receive a great education and opening a world of opportunities that wouldn't be possible without your support.

> **Qualifying as a co-borrower**

To be approved by lenders, co-borrowers generally need the following:

- an established, thorough and varied credit history (which may include home and auto loans as well as credit cards)
- steady employment with sufficient income to meet current debt obligations
- a credit report with no serious or derogatory items
- to be making timely payments on all credit obligations
- credit that is not overextended

> **Where do students apply for private bank loans or other loans that require a co-borrower?**

Your student's Redstone student finance specialist will help determine which private bank loan sources best meet his or her needs. Private loans are also sometimes called alternative loans. Financial institutions that offer private loans include large banks (such as Citibank, Chase, Bank of America, etc.) and specialized companies (such as Sallie Mae, Act Education Loans, etc.). Redstone College also offers a financing option called APEX, to those who qualify, when all other loan opportunities have been exhausted. APEX also has co-borrower requirements.

> **Private loan terms**

- Payment options vary, but most private lenders require students to make payments while they attend school. At Redstone, these payments are typically \$150 or less per month.
- Private loans sometimes have introductory offers and interest rates that automatically increase after a specified amount of time.
- Private loan borrowers may be able to qualify for interest rates and fee deductions for such things as making electronic payments and consecutive on-time payments.

**Thank you for considering helping a student by becoming a co-borrower.**

If you decide to help your student go to college by agreeing to be a co-borrower, you will need to complete a loan application. Once we have notification from the lender, we will inform you if you have been approved as a co-borrower for your student. The student will typically receive an estimated award letter after completing the student finance paperwork. Any of our student finance specialists will be more than happy to answer any questions you may have and assist you in the next steps to becoming a co-borrower.

**About Redstone College**

Founded in 1965, Redstone College is dedicated to providing quality, skill-based certificate and degree programs in highly sought after industries. Redstone College offers degrees in Advanced Electronics Technology, Airframe & Powerplant Maintenance, Construction Management, HVAC/R and Wind Energy Technology. Students who complete one of our programs will leave with the skills needed to find an entry level position within one of these industries. By providing training and education based on industry standards, we offer students the quality education, training, and service that students need and industry expects. By teaching students the skills and knowledge needed by each industry, and the work behaviors expected by employers, we empower students to successfully pursue their individual career goals. Redstone is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS).

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R-1077-07/10