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## College and Career Planning Guidance by Granite Edvance: July Edition

Student loans. The term itself would imply these are the responsibility of none other than the student. In some cases that is entirely true. Federal student loans are the sole responsibility of the student borrower, and while these federal loans are an extension of credit, no prior credit history is necessary to receive them. Those federal student loans come as part of the financial aid packages offered by schools. However, there is often a remaining “gap” between the cost to attend a college and the financial aid being offered.

That’s where credit-based private loans may come in. This is also where responsibility on a student loan also commonly changes. Why is that? Because to be eligible for a private student loan, an undergraduate student will almost always need a cosigner with acceptable income and credit history.

### Cosigning a student loan – What it means for you

#### **1. Approvability**

The majority of private student loan lenders recognize the risk associated with lending large sums of money to a young person with limited income and credit history. Due to this risk, including a cosigner can greatly increase the odds for approval.

#### **2. Pricing**

The inclusion of a cosigner can also assist in yielding a better interest rate. Lenders recognize the benefit of having two parties associated with a loan and the increased likelihood of repayment.

#### **3. Liability**

Cosigning does not come without its own risks and responsibilities. By cosigning, you are assuming equal responsibility for repayment of the loan and also assuming equal impacts if the loan is not repaid according to its terms, including negative credit reporting. Some private student loans offer a co-signer release after a certain number of on-time payments, which relieves the co-signer of this liability.

Be sure to understand the loan terms and obligations when cosigning, and research any cosigner release terms so you are empowered to make the best decision for you and your student.

**Thank you,**  
**From your partnership team at Granite Edvance**

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