

Private Medical School Loans with a Co-signer

Since private medical school loans are credit-based, if you have poor or no credit, you most likely will not be able to receive a loan in the amount you need, or perhaps receive one at all. In this case, the key to securing your private medical school loan lies in the hands of a co-signer or a surety. A co-signer signs along with you on your loan, and is responsible to pay-off the loan if you are unable to.

You might want to consider having a co-signer on your private medical school loan if you have a low monthly income and can not guarantee that you will be able to make the payments. It will also be beneficial to have a co-signer if you have good credit, but the person you want to co-sign with has even better credit. This is because private medical school loans are rank-based. This means that the better the credit rating on your loan, the lower the interest rate that you will be able to lock in. This might be a good time to call Mom or Dad for help!

It is important that the co-signer has a higher credit score than you do. A person with poor credit or anyone who has filed for bankruptcy in the last 7 years can not be a co-signer on a loan.

A *Guaranty* and is the legally binding document that is signed by the co-signer and states the terms of the loan in writing. Until this is done, the co-sign is unenforceable, therefore, the pending co-signer has no legal responsibilities towards the loan.

However, once the *Guaranty* is completed, the co-singer faces certain responsibilities and consequences. If it becomes necessary that the co-signer makes the monthly payments, and fails to do so, they could be subject to collection efforts and their credit rating may be seriously damaged. Also, the new co-signed loan will be worked into the co-signer's personal debt-to-income ratio and may prevent them from approval of future loans. Finally, if you as a student go into Default on your medical school loan, then not only does it affect your credit, but the co-signer's credit as well.

Make sure that the co-signer is given copies all the paperwork regarding the medical school loan. This will ensure that they understand their legal rights and obligations. This will help them know exactly what they are getting into.