

CheapScholar's Guide To Paying For College When You Have Bad Credit

If you are paying for your college expenses through discretionary income or savings that you have accumulated over the years, a poor credit history isn't going to be an issue for you. However, if you are planning on taking out loans to cover the lion's share of your educational costs, a questionable credit rating may require you to jump through some additional hurdles to gain access to the funding that you need.

Poor credit really shouldn't keep you from obtaining your educational goals. The following tips should hopefully help you in your search for college loan money if an adverse credit rating is getting in your way.

Appeal Loan Denials: Every education loan program has some sort of system in place to allow families to appeal the outcome of their loan application. Your story will have to be compelling but if you have a good excuse for your lack-luster credit history, you may be able to get the bank to change their mind.

Shop Around: Different lenders have different credit criteria when it comes to awarding loans. Your credit may keep you from getting a loan at one place but be considered a marginal approval at another.

Sometimes A Denial Is A Good Thing: Did you know that if you are denied on the Federal Direct Parent Plus loan, the student is automatically eligible to receive an additional \$4,000 in Direct Unsubsidized Federal loans?

PLUS Loan Endorser: If you are denied on a Federal Plus loan, you have the option of appealing and/or you can see about getting an endorser (kind of like a co-signer)

Find Another Co-Signer: If mom and dad have a sketchy credit history, maybe you have an aunt, uncle, grandparent, or friend of the family that would be willing to serve as a co-signer. Some private loans now provide a co-signer release provision (after so many on-time payments are made) that may make the co-signer more open to helping out.

Try Your Neighborhood Credit Union: Credit Unions have long since been known to lend money to people where other traditional banks would not. *They can do the same thing for educational expenses*, so you may want to give them a call or stop by your local branch.



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