

## What's On Your Credit Report

If you are planning to supplement your personal financial resources with private loans, it is highly recommended that monitor your credit score and the information on your credit report. You should also try to keep all debt to a minimum.

There are three major credit reporting companies. All three of these agencies maintain their own file on you. These three files may not necessarily contain all of the same data. You are eligible for one free copy of your report per year from each agency. You are also eligible for an additional copy, at no charge, any time you are denied credit, housing, insurance or employment.

You can reach the three major credit reporting agencies via phone or internet:

### **Equifax**

[www.equifax.com](http://www.equifax.com)  
800-685-1111

### **Trans Union**

[www.transunion.com](http://www.transunion.com)  
800-916-8800

### **Experian**

[www.experian.com](http://www.experian.com)  
888-397-3742

[www.annualcreditreport.com](http://www.annualcreditreport.com)

Offers easy online access to your free annual credit report from all three agencies

## What's On Your Credit Report

In addition to the three credit reporting agencies, there are many websites available to help you investigate your credit reports. Some suggested sites are:

[www.myfico.com](http://www.myfico.com)

Offers a variety of services for a fee

- Report or score from one agency
- Combined report and score from all three agencies

[www.freecreditreport.com](http://www.freecreditreport.com)

Offers a free copy of your Experian report  
Other services for a fee

- Report and score report options
- Credit monitoring

[www.identityguard.com](http://www.identityguard.com)

Offers different services for fees

- Combined report
- Credit score reports
- Credit monitoring

[www.nationalcreditreport.com](http://www.nationalcreditreport.com)

Offers different services for fees

- Combined report
- Credit score reports
- Credit monitoring

[www.qspace.com](http://www.qspace.com)

Offers different services for fees

- Free report with trial membership
- Combined report
- Credit score reports
- Credit monitoring

[www.creditreporting.com](http://www.creditreporting.com)

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## Consumer Credit and Private Education Loans



# Private Education Loan Credit Criteria

This is a general guide of credit criteria similar if not the same as that used by many private educational lenders. Please keep in mind criteria will vary from lender to lender, and program to program.

“Credit-ready” students are able to borrow alternate loans on their own signature. “Credit worthy” cosigners are generally required when the student does not meet the criteria but is within a certain range of acceptable credit history. “Credit ready” does not take current income into consideration where “credit worthy” loans use a debt-to-income test.

Students must be enrolled at a school approved by the private loan lender. The borrower must be either a U.S. citizen or eligible non-citizen. Students who are non-permanent (temporary) residents must have a qualified “credit worthy” U.S. citizen as a cosigner. Non-U.S. citizens or ineligible residents may be eligible for these programs with a U.S. citizen as cosigner.

The Credit Criteria of most private loan programs will include an acceptable credit score (650 or higher as a general rule). The credit score is based on a statistical analysis of the borrower’s credit characteristics to determine if the borrower meets the lender's preferred customer profile. This system is typically known as the Fair Isaac Credit Score System. Exactly how the score is calculated is not public knowledge but, these are a few items that seem to be considered;

- Amount of available credit (In other words, pre-existing credit lines)
- Amount of available credit currently in use (using more than 50% of the available credit usually lowers the score)
- Derogatory comments lower the score
- Positive repayment history raises the score

## Sample Credit Criteria

Students who wish to borrow these loans on their own signature must have some satisfactory credit history. Cosigners must have a minimum of two years of satisfactory credit history. Satisfactory credit history for both student borrowers and cosigners usually includes the following:

- No more than: one retail credit account may be 60 days delinquent; or one bank account 30 days delinquent at the time the lender checks your credit report. The account(s) must be brought up-to-date (written documentation required) before the loan can be approved.
- No more than two accounts may be 60 or more days delinquent in the past two years.
- No account has been delinquent 90 or more days in the past two years.
- No record of charged off accounts within the past five years.
- No record of foreclosure, repossession, open judgment or suit, unpaid tax lien, unpaid prior education loan defaults, or other negative public record items in the past seven years.
- No record of bankruptcy in the past ten years.

If a borrower is initially denied the loan, the lender may entertain an appeals request. You should contact the lender directly.

## Additional criteria to qualify as a cosigner:

- U.S. citizenship or permanent resident alien (copies of INS Forms I-151 or I-1551)
- Meet the income and debt-to-income ratio standards as identified below

## Cosigner Income Verification:

Typically these programs require all cosigners to provide current employment and income verification. A copy of the most current pay stub is usually sufficient.

If the cosigner is self-employed, one can expect to be required to provide federal tax returns for the last two years (with all schedules attached). The individual must have been operating his/her own business for at least 12 months prior to the date of application.

## Cosigner Debt-to-Income Ratio Analysis:

A cosigner’s debt-to-income ratio (a cash flow analysis) generally cannot exceed 40%. Income is defined as gross monthly income for this analysis. Debt that is considered in this analysis includes:

- The percentage of credit lines on bank credit cards
- The percentage of store or retail credit cards
- Other debt such as car payments, mortgages, second mortgages, home equity loans, etc.
- Payment for the loan which one is applying for