



Smart Option Student Loan[®]

LET'S TALK ABOUT THE BENEFITS OF HAVING A COSIGNER

Sallie Mae[®] can help with that conversation



A college education is one of the most important investments someone could ever make. However, if you are a student with little or no credit history, it may be difficult for you to qualify for a loan on your own.

While a cosigner is not required for everyone, applying with a creditworthy cosigner can give you a better chance of approval or even help you get a lower interest rate.

**For more information visit
SallieMae.com/SmartCosigner**

Benefits of having a cosigner

- ▶ **A greater chance of getting approved for your loan.** When you apply with a cosigner, Sallie Mae considers the income and credit histories of both you and your cosigner. Therefore, a cosigner with a long history of good credit may be able to help overcome your limited credit history and enable you to qualify for the loan on your own.
- ▶ **The possibility of a lower interest rate.** The more creditworthy the cosigner, the greater potential there is for you to receive a lower interest rate on your loan. And a lower interest rate can mean significant savings over the life of your loan.
- ▶ **An opportunity to build a credit history.** By obtaining a loan and by making payments on time you will establish a payment history, which will put you on a path toward building a credit history. Having a good credit history can help you get favorable rates on a car, a home, and other purchases after you graduate.
- ▶ **Cosigners can be released.** After graduating and making 12 consecutive on-time principal and interest payments, you can apply to have the cosigner released. You will need to be creditworthy and have the ability to make payments.¹ Releasing the cosigner will not adversely impact the interest rate on the loan.

Finding a cosigner

A wide range of individuals can be a cosigner as long as they are creditworthy, understand and accept the responsibilities of being a cosigner, and have demonstrated the following:

- ▶ **The ability to pay.** When Sallie Mae evaluates cosigners, we look at their ability to pay which includes comparing the cosigner's total debt to their total income and the amount of student loans they already have.
- ▶ **Stability.** We look at how long the cosigners have lived at their current address, whether they have a stable job, and whether they have an established credit history.
- ▶ **Willingness to pay.** We consider the cosigner's credit score and their payment history on other types of credit, including credit cards, mortgages, and automobile loans to demonstrate their willingness to repay their financial obligations.

Note that a cosigner doesn't need to be a parent. In fact, 33% of the cosigners on the Smart Option Student Loan are an individual other than a parent.² It may be wise for students to consider creditworthy family and other individuals who are willing to help them achieve their education goals.

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Federal student loans are required by law to provide a range of flexible repayment options, including, but not limited to, income-based repayment and income-contingent repayment plans, and loan forgiveness benefits, which other student loans are not required to provide.

Federal direct loans are available to students regardless of income.

1 To qualify, borrower must be a U.S. citizen or permanent resident and meet the underwriting requirements when the release request is processed.

2 Based on a rolling 12-month period from 9/6/2011 through 9/15/2012.

Smart Option Student Loans are made by Sallie Mae Bank® or a lender partner. Credit criteria and eligibility requirements apply. Information valid as of January 25, 2013.

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