A Beneficial Scheme to Clear Loans by Michelsmith

Article published on April 3rd 2012 | Loans

A private consolidation loan helps in reducing monthly payments of several outstanding loans with one loan which usually has a lower monthly payment and a longer payment period. These are especially helpful to students who have a private student loan to repay after graduating. A private student loan consolidation helps the students to effectively manage their expenditures after graduating when they have other expenses to meet.

Eligibility:

Usually student loans disbursed to any nationally-accredited college are eligible for consolidation. However, a lender may have its own criteria for eligibility.

Requirements:

Usually for an under-graduate or a fresh graduate, a co-signer is required. It depends entirely on the credit history of the student and the rules of the lender. A student with a very strong credit history might not require a co-signer. However, it is advisable to apply with a valid co-signer as it increases the chances of having the loan approved.

Information Required:

When applying for private student loan consolidation, the applicant as well as the co-signer, need to provide their name, address and social security number along with the monthly income and expenditure information. In addition to this, they have to provide the name, address and telephone numbers of two personal references.. For each of the private student loans to be consolidated the applicant must provide loan account number, outstanding loan balance, name, address and phone number of each of the loan receiver.

Expected Time Required For a Private Student Loan Consolidation

A loan can be consolidated within 6-7 weeks provided the required documentations have been submitted on time and are in proper order. However, it depends on the efficiency of the lender and the load of applications submitted. During this time, it is advisable for the student to continue making the monthly payments. This shows that the applicantâ€™s credit is in good standing.

Benefits:

Borrowers can reduce their monthly payments by extending their payment period up to 45 years. This helps in significantly lowering monthly payments. However, it has been argued that this often leads to increasing the total amount paid because the payment period is increased. A borrower and co-signer with a strong credit can apply for and receive a lower APR loan. Deferment is also offered to medical residents and active military personnel. The length of deferment, however, differs from lender to lender.

Though consolidations are apparently an easy way out, it is always advised to keep the loan amounts lower than the expected salary and to start repayments as early as possible.

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Michel Smith has faced a lot of problem while buying loan. He has good knowledge on a private student loan consolidation. For more information on a private student loans he recommends to visit a http://www.mydefaultedloans.com.

Article Keywords:
private student loan consolidation, private student loans

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