

## Loan Assistance for Students with Poor and Bad Credit Standing

One type of known debt is a loan. The amount of debt incurred from a loan largely depends on the interest that is accumulated along with the amount of the loan installment given to the borrower. Most commonly nowadays, loans are the easiest way out of financial problems, whether you are a businessman, homemaker, or a college student seeking to realize your dream of a brighter future.

In light of helping needy and poor credit standing students, the government has launched several different student consolidated loan programs. One of these programs, known as Stafford Loans, can help those students who have poor or bad credit. However, recent studies indicate that loans imposed by the federal government are not being used by low income-students because they are afraid or unaware of the federal assistance prearranged in the form of loans. Relatively, students with poor credit are more inclined to take advantage of federal assistance in the form of grants, as they are unaware of the benefits of the loan options available to them.

Thus, it is highly recommended to all students, whether graduate, undergraduate, or even those with a bad credit report, to take advantage of the various loan options presented to them. There are many benefits to being granted a federal loan including a federal guarantee of low loan rates, repayments that do not start until after graduation, and a choice between a subsidized or unsubsidized loan. One of these existing loans is the Federal Stafford Loan. By choosing the Subsidized Stafford Loan students can take advantage of the fact that the federal government shoulders all of the interest rates while the student is still enrolled in college. The Unsubsidized Stafford Loan, on the other hand, gives the student a six month grace period after graduation to begin repayment, but the student takes full responsibility of the accrued interest. Financial aid provided by the government is awarded to students regardless of their income or credit standing. Other advantages to federal loans include deferring payments while students are still studying and not having to provide collateral for financial assistance. The amount of interest rates enforced is also still relatively lower than those from mortgages, personal equity, refinancing and credit card loan programs.

Aside from the Stafford Loan, the government also extends financial aid to students with poor and bad credit standing through the Federal PLUS Loan program. Unlike the Stafford Loan, the PLUS Loan is extended to parents of financially unstable students. Parents of students with bad credit are supported by the government in borrowing funds to finance their child's education, provided they pass the required credit check. A good parental credit standing is needed for the PLUS loan, as parents are responsible for the debt repayment, unlike the Stafford Loan. This program also ensures parents that they will qualify for the loan by providing a systematic credit counseling assistance program. Under the said program, parents of the low-income, poor credit student are assisted in evaluating their credit standing. In the event that the parents qualify, under certain conditions of a co-signer, the PLUS program will readily offer endorsement for a parent loan.

Deciding to take the plunge and beginning to apply for financial aid is as easy as filling out an online form, calling a student loan specialist, completing the Free Application for Federal Student Aid (FAFSA) form, or talking to Federal student loan consultants. There are also other responsibilities students need to be aware of when beginning the loan application process which may include; understanding school's requirements and shouldering other small fees that may appear during the application procedure. Both of the before mentioned loan programs are designed to help students with bad credit to transform their education into their desired career after graduation. Students who are haunted by bad credit find these loans key in converting their dreams to reality. On the other hand, it is also a major decision to invest in a loan program. Therefore, even with all the information provided and assistance guaranteed by the government, it is advisable that students with poor and bad credit standings take into account their personal ability to manage their loan repayments after graduation. In order to avoid future financial conflicts, students with poor and bad credit standings should clearly understand the terms and requirements of the loan program in which they choose to invest.

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### About the Author

Jeremy Thompson is the editor of Student.LoanBegin.com which is a website dedicated to teaching you about student loans and financial aid for college. Learn more about loans for students with bad credit at <http://student.loanbegin.com>.