

## CONSUMER PROTECTION TIPS FOR YOUNG ADULTS

# QUICK TIPS ABOUT STUDENT LOANS

Before you sign any papers for a student loan, here are quick tips to keep in mind.

- **Complete the Free Application for Federal Student Aid (FAFSA).** Completing a FAFSA helps determine for which federal assistance programs you qualify. Some programs, such as grants, give money toward college that you do not need to repay. Federally guaranteed loans are low interest rate loans that you must repay. *Always consider federal assistance programs first before private lenders.*
- **Shop around and compare loan features.** If you need to borrow from private lenders, compare agreements to see which one best meets your needs.
- **Check the loan amount to see if it's right for you.** Many times, lenders will offer you a loan that is much more than you need to pay for your education. Create a budget to determine how much of a loan you need and how much you can repay after graduation. Borrowing too much means paying more in interest in the long term.

- **Getting a cosigner for a private loan should be a last resort.** If you fully explored your federal loan options and cannot qualify for an affordable loan on your own, you may consider finding a cosigner, such as a parent or close relative, with a good credit history for a private loan, but be aware that they will also be responsible for the loan.

### IMPORTANT

Your cosigner is responsible for paying the debt if you fail to pay the loan. Both of your credit histories will be impacted.

- **Avoid “free money” from organizations you don't know.** Many scam artists prey on students and parents with little or no credit with offers of loan money without a credit check.

## BEWARE OF...

### **College Scholarship and Financial Aid Scams**

Get tips on how to avoid common scams from the Federal Trade Commission (FTC) at [ftc.gov](http://ftc.gov).

## FREE HELP

**Get free professional financial counseling at an NYC Financial Empowerment Center.** Counselors can help you reduce your debt, negotiate with your creditors, understand your credit report, improve your credit score, and more. Call 311 to schedule an appointment near you or visit [nyc.gov/consumers](http://nyc.gov/consumers) for more information.

### **Get a free copy of your credit report and review it carefully.**

Go to [annualcreditreport.com](http://annualcreditreport.com) or call toll-free 1-877-322-8228.

## OTHER RESOURCES

The **Consumer Financial Protection Bureau (CFPB)** has tools and resources to help you make informed financial decisions about paying for college. Visit [consumerfinance.gov](http://consumerfinance.gov).

**Federal Student Aid**, a part of the U.S. Department of Education, is the largest provider of student financial aid in the nation. Visit [studentaid.ed.gov/sa](http://studentaid.ed.gov/sa) for information about FAFSA.

Read DCA's tip sheet "QUICK TIPS BEFORE YOU ENROLL IN A SCHOOL OR TRAINING PROGRAM."

### **About Consumer Protection Tips for Young Adults**

Young adults face consumer challenges every day. The Department of Consumer Affairs (DCA) created a series of tip sheets to educate young adults about their rights and how the spending decisions they make today will affect their future.



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