

Evaluating a Lender

Not all student loan lenders offer the same loan incentives. Because lenders offer a variety of services and benefits, it is important to research different lenders and then choose the one that is right for you. Consider the following when choosing a student loan lender.

1. What benefits are offered? Can you lose these benefits? How many students receive these benefits?

When choosing a lender, it is crucial to research loan incentives/benefits beforehand. Find out if the lender has front-end benefits, back-end benefits, or both. With front-end benefits, you save money at the beginning of the loan process. These benefits can include:

- A low or no origination fee (fee you pay for taking out a loan).
- A low or no guarantee fee (fee you pay for taking out a loan).
- Interest rate discounts.

With back-end benefits, you save money during repayment. These benefits can include:

- A reduced interest rate for consecutive, on-time payments and direct debit payments.
- Repayment bonuses.

Many lenders also offer electronic fund transmission (EFT) for faster processing of your student loan monies. Be sure to pick a lender that offers the best benefits for you.

2. If during the year you want to increase the amount of student loans you borrowed do you have to fill out a new promissory note?
3. How often do they capitalize interest during postponement periods?
4. How frequently do they provide statements summarizing loan balances, interest accrual and expected monthly payment.
5. How long have they been originating federal Stafford loans?
6. Do they have a history of selling your loans?
7. What are their hours of operation?
8. How quickly can you talk to a real person when you call?
9. When you contact this lender, do you talk with experienced, education professionals who are in tune with your specific program needs (e.g. graduate or medical student)?
10. For medical students: Do they offer a Residency & Relocation Loan for 4th year medical students?