



Preferred Lender Lists

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Tips on choosing lenders

- **How to Choose and Evaluate Lenders**
- If the school of your choice participates in the FFEL Program, you can choose from the school's preferred list of lenders or a lender of your choice. You'll want to compare the following aspects of lender services when deciding which lender to choose:
 - Ability of lender to service all your loans.
 - Interest rates and terms: Although these are very similar for the federal loan programs, some lenders do offer better terms or discounts.
 - Loan application processes: Can you apply online? Is instant loan approval offered?
 - Repayment plans: some are simple, others complex.
 - Benefits for borrowers who pay on time or make loan payments electronically.
 - Customer service: Can you reach a live operator quickly to check on the status of your loan during hours convenient for you?





Regulation highlights

- Includes a Minimum of 3 Unaffiliated Lenders:
 - –No common control or ownership
 - –No common directors, trustees, or general partners
- Includes a Prominent Statement Advising Borrowers That Use of the School's Preferred Lenders Is Not Required
- Is Updated At Least Annually





Regulation highlights

- Disclose Its Method and/or Criteria for Including a Lender On Its List
- –Provide Comparative Information on Borrower Benefits Offered By Its Listed Lenders





Common school practices

- Typically listed on the school's website under their program information about the FFELP loan programs
- Typically separate the Private Loan programs and lenders if they have a preferred list for those
- Some schools are just using hyperlinks to websites such as Student Lending Analytics or www.finaid.org





Introduction & disclosure

- Notify students of the method of choosing the lenders on the list
- Statement that the list is updated annually
- Good idea especially with private loans to include a statement that interest information for example is subject to change and student's should verify information with the lender directly





Example of disclosure

- **Preferred Lenders List for PLUS Loans**
- Please note the student may choose any eligible lender and the University will process the student's request. The University Preferred Lenders list is reviewed annually, to include lenders that offer additional borrower benefits, have exceptional operating standards, possess latest technology processing, and are committed to providing outstanding service and expedited processing by meeting or exceeding established performance standards. For additional information on method and criteria for selecting a preferred lender, please [click here](#).





Repeat repeat repeat

- Consider multiple statements about student's right to choose
- Award letter
- Financial aid brochures
- Financial aid Office website
- Instructions sent with promissory note directions

