THINGS TO CONSIDER WHEN SELECTING A LENDER

All federal student loans are regulated and guaranteed by the federal government. Lenders must follow regulations set forth by the government. However, lenders often offer borrower benefits that will reduce the overall cost of the loan. These benefits vary and can be given up front at disbursement or later while your loan is in repayment.

As a general rule:

- Immediate automatic benefits are better than those which have to be earned (Statistically, a very low percentage of borrowers end up qualifying for benefits they have to earn)
- Interest rate reduction are better with long repayment terms
- Credits or principal reductions are better with early pay-offs
- If on-time payment is required, consider those with shorter on-time payment requirement
- Benefits that can be restored or cannot be lost are better

You should choose the option that is best suited to your personal habits and lifestyle.

Questions to consider regarding borrower benefits:

- How do you qualify for the benefits?
- Are the benefits tied to making on-time payments? If so, how many on-time payments?
- When are the benefits given? At disbursement, when you enter repayment, or after a certain number of payments?
- Are the reductions to the loan in the form of an interest rate reduction or a principal reduction?
- Can you lose the benefit?
- If you lose the benefit, can you regain the benefit?
- How likely are you (based on your financial habits) to qualify for the benefits?

Selecting a lender is an important decision, one that will affect you for the life of your loans. As you call lenders for information, consider the friendliness, knowledge and availability of the service representative. It is best to compare all your options to find the benefits best suited for you. Get involved as much as you can.

The lender list is now electronic.

Please go to **ELMSelect.com** for a list of lenders and the products offered.

The Financial Aid Office staff is available to answer questions.