

Private Lender List Best Practices

Colleges and universities that offer private education loans to help students and parents finance their education expenses should develop and weigh a set of criteria for evaluating which lenders offer their borrowers the best financing options and support. When deciding whether to take out a private education loan, schools and lenders should encourage families to follow a three-step approach to financing higher education:

1. First, families should exhaust all “free money” options, such as grants and scholarships.
2. Second, they should maximize borrowing via low-cost federal loans.
3. Third, and only if necessary, families should consider private loans to address any unmet need.

The selection criteria for creating a private education loan lender list should include factors that compare lenders across issues of critical importance to borrowers, such as lender experience and reputation, pricing and borrower benefits, customer service, customer satisfaction, and lifetime service and repayment support.

Sample Private Education Loan Lender List Criteria:

Experience & longevity	<ul style="list-style-type: none"> Is the lender a well-known, reputable company? What is the lender’s track record in the industry? Is the company’s focus on student loans? How many customers have loans with this lender? Is the lender financially sound and strong?
Best value & benefits to borrowers	<ul style="list-style-type: none"> How many private loan applicants are approved by the lender each year? Does the lender offer competitive rates and pricing? Does the lender offer interest rate reductions and rebates? How easy is it for students to earn and keep rate reductions and rebates? Does the lender have a minimum income requirement? Does the lender require repayment while in school? Does the lender offer a cosigner release program? Does the lender offer better loan pricing with a creditworthy cosigner?
Customer service investment	<ul style="list-style-type: none"> Does the lender recommend that students maximize their use of free aid and federal loans before taking a private loan? Will the loan be sold? If so, will servicing remain with the originating lender? How convenient are the lender’s call center hours? Are customer service representatives experienced, friendly and knowledgeable?
Flexible repayment options	<ul style="list-style-type: none"> Does the lender offer combined billing of their federal and private loans? Does the lender offer deferment and forbearance counseling? Does the lender offer flexible repayment options? Does the lender provide tools and resources to help borrowers determine the best repayment solutions for them? Does the lender offer loan consolidation options? Does the lender advise borrowers on debt management /default prevention?
Technology investments	<ul style="list-style-type: none"> Can students and parents apply for loans online at any time? Can borrowers access and manage their account online 24/7? Does the lender offer support for technology and online services?

The goal is to provide choice to students and parents in selecting lenders that have been carefully evaluated on an objective set of quality and price criteria.

Important Note: While colleges and universities may choose to provide a set of recommended lenders, institutions should make it clear to students and families that it will process loan applications from any lender.