



New York Institute of Technology

CHECKLIST FOR CHOOSING A LENDER:

Following is a checklist that you and your family can utilize to investigate various educational lenders. Lenders are banks, credit unions, and corporations whose business it is to lend educational loans. There are thousands of lenders; however, not all banks and credit unions participate in the federal loan programs.

Some lenders have multiple lender codes, which can be confusing. This might be because a lender utilizes different servicers and each one offers different borrower benefits. A lender code is a unique six-digit number that usually begins with the number '8'. When choosing a lender, make note of the lender code. By contacting the lender or viewing its Web site you can find the proper lender code for the lender and servicer you are looking for. If you choose the wrong lender code for a particular lender, you may not get the borrower benefits you expected.

Federal Stafford Student Loan

- **6.8% fixed interest rate**
- **No credit check or co-signer required**
- **Deferred while student is enrolled at least half-time in a degree-seeking program**
- **6-month grace period; standard repayment term of 10 years**
- **Borrower must be enrolled at least half-time to qualify**

When choosing a lender for your Stafford student loan, check on the following by contacting a lender via phone or researching its Web site:

Origination fees	0% (best) <i>or</i> 1.5% origination fees charged by lender
Borrower benefits	Example: interest rate reductions if you enroll in auto-debit when your loan is in repayment
Loan servicer	Some lenders outsource their billing and customer service to other companies. Find out if this is the case and if you are comfortable with servicing agents located outside of the United States, which sometimes occurs.
How funds arrive at school	Electronic Funds Transfer (EFT) is the most convenient option; paper checks are rare and require a borrower signature prior to the loan funds crediting your student account.
Electronic Master Promissory Note (E-MPN)	Does the lender participate in the New York State Higher Education Services Corporation E-MPN process or must you print a paper application off the HESC Web site?

Federal Parent PLUS or Federal Graduate PLUS Loans

- 8.5% fixed interest rate
- Lenders charge a mandatory 3% loan origination fee
- Borrowers must pass a credit check process
- You may borrow up to the annual cost of attendance minus all other financial aid
- Borrower must be enrolled at least half-time to qualify

When choosing a lender for your PLUS or Graduate PLUS loan, check on the following by contacting a lender via phone or researching its Web site:

Deferment options	Some lenders will allow the borrower to defer payments on the PLUS or Grad PLUS loan while the student is attending college at least half-time but not all do.
Borrower benefits	Example: interest rate reductions if you enroll in auto-debit when your loan is in repayment
Loan servicer	Some lenders outsource their billing and customer service to other companies. Find out if this is the case and if you are comfortable with servicing agents located outside of the United States, which sometimes occurs.
How funds arrive at school	Electronic Funds Transfer (EFT) is the most convenient option; paper checks are rare and require a borrower signature prior to the loan funds crediting your student account.
Electronic Master Promissory Note (E-MPN)	Does the lender participate in the New York State Higher Education Services Corporation E-MPN process or must you print a paper application off the HESC Web site?
Electronic credit check	Does the lender participate in the New York State Higher Education Services Corporation credit check process or must you get your credit check directly through the lender?

Alternative/Private Loans

- Variable interest rates at discretion of lender; fees vary by lender
- Borrower may need a credit-worthy co-signer
- Credit check required for borrower and/or co-signer
- You may borrow up to the annual cost of attendance minus all other financial aid

When choosing a lender for a private loan, check on the following by contacting a lender via phone or researching its Web site:

Interest rates and fees	Find out the interest rate and fees that the lender will charge you before you sign the promissory note
Borrower benefits	Example: interest rate reductions if you enroll in auto-debit when your loan is in repayment
School certification	Many lenders require the college to certify the loan. If so, please notify us so that we may speed up the processing of your loan.
How funds arrive	Electronic Funds Transfer (EFT) to the school is the most convenient option
Prior balances	Does the lender allow the loan to cover a prior semester's balance?
Other considerations	Some lenders require the student to be enrolled at least half-time and/or be making satisfactory academic progress; some charge a pre-payment penalty; others will not discharge the loan in the event that the borrower dies