

# GUIDE TO SELECTING A LENDER

## 2009-2010

**As the consumer the choice of lender is yours.** You may select any lender that participates in the Federal Family Education Loan Program (FFELP). Although it may be to your advantage to use the same lender for all your educational borrowing needs, it is not required. You do not have to choose a lender that is on our preferred lender list. There will be no unnecessary delays in certifying your loan if you choose a lender that is not on our preferred lender list.

We recommend the following lenders for your consideration:

<b>Commerce Bank</b>	<b>813979</b>	<b>1-800-666-3910</b>	<b>www.commercebank.com</b>
<b>Sallie Mae</b>	<b>802218</b>	<b>1-800-272-5543</b>	<b>www.salliemae.com</b>
<b>Nelnet</b>	<b>824573</b>	<b>1-888-274-9876</b>	<b>www.nelnet.com</b>

Recent changes in legislation and the dynamic financial market has resulted in many lenders changing loan terms and partnerships. When choosing a lender there are two main considerations: Loan Cost and Customer Service. All Federal Loans have the same federally mandated interest rate; however some lenders (and guarantors) offer discounts or benefits. If you are a first time borrower or want to change the lender you have used for prior Stafford or Plus borrowing, it is important to check with the lender you choose to determine who the lender partners with and what benefits are offered. Since there are hundreds of lenders to choose from, you may want to check with a lender you already are doing business with through banking, credit, saving or personal/student loans. Remember the lender must be eligible to participate in the Federal Family Education Loan Program (FFELP).

### Some important questions to ask your lender about borrower benefits:

- What benefits are offered? What percentages of students qualify for the benefits?
- How often is loan interest capitalized?
- Who will service your loan?
- Does the lender sell their student loans to a secondary market? If so, when?
- Are the origination fees and default fees discounted?
- Can the borrower benefits change? If so, when and how?
- If benefits are lost, is there a "restoration of benefits" available?

**Customer Service:** Customer Service is an important factor to consider when choosing a lender since the standard repayment period on loans is 10 years. Many lenders contract with a service provider to handle the processing of payment and customer service aspects of the loan and many sell their student loans to a secondary market when the loans are disbursed or enter repayment.

### Some important questions to ask your lender about customer service.

- Is there toll free customer service available 24 hours a day and 7 days per week?
- Is there an on-line interface to account information?
- Can billing for Federal and private education loans be combined?

The following resources are available to assist you in your choice of a lender.

National Lender List: <http://www.nationallenderlist.com/> This website offers a list of all national lenders as well as lenders that partner specifically with MOHELA.

**Remember: The choice of lender is yours alone.**