

## Questions to Ask When Researching Lenders

Not all Federal PLUS Loans are the same! Take the time to do some research when you're choosing a lender. Each lender offers different borrower benefits and choosing the right lender could save you hundreds or even thousands of dollars when you enter repayment. Consider asking the following questions when you're making this important decision.

### **1. What are the borrower benefits associated with this loan?**

Some lenders offer an interest rate reduction after a certain number of on-time monthly payments. Others will give you an interest rate reduction immediately at repayment. Sometimes lenders offer cash-back rebates or cancellation of payments. How much money could you potentially save and how likely is it that you'll earn (and keep) the benefit?

### **2. Is there an interest rate reduction for signing up to make payments through automatic debit?**

Most lenders will lower your interest rate if you sign up for automatic debit. Although that interest rate reduction might seem small, the potential savings may actually be quite significant. Also, signing up for automatic debit ensures all your payments are made on-time, so you'll earn the borrower benefits automatically. All you have to do is make sure there are sufficient funds in your account.

### **3. Will your lender sell your loans?**

Some lenders may sell their loans so that they can re-lend the funds to future borrowers. Selling the loan to a different lending institution may affect the borrower benefits.

### **4. How will disbursements be sent?**

If loan funds are disbursed as paper checks, will it be made out to the borrower or to Lewis & Clark? Checks made payable to you means you will have to provide endorsement before the funds can be applied to your student account.

### **5. Are there any fees associated with the loan?**

There is a non-waivable 3% origination fee and a 1% default fee on all Federal PLUS Loans. However, some lenders will pay the 1% default fee on your behalf.

### **6. What is the application process for deferment and forbearance?**

For Federal PLUS Loans, repayment begins within 60 days of full disbursement. If you are planning on deferring payments while your student is enrolled, lenders usually require that you re-apply every 12 months. If you run into economic hardship, you may want to apply for a forbearance in order to avoid delinquency, which would negatively affect your credit.

### **7. Can the lender provide you with professional and informative customer service?**

You will be working with this lender for many years. You'll want to be sure that they will be able to provide you with satisfactory and helpful customer service. It's also important to consider the quality of the lender's other forms of communication, such as their website and publications.