

# Financial Aid Administrator Checklist for Evaluating Private Lenders

Use this checklist to evaluate private loan options for your students. Please note that not every question may be relevant to your population's needs, and this list may not be comprehensive of all of those needs.

## Eligibility Criteria

- What is the minimum credit score required to obtain the loan?
- Is there a debt-to-income (or debt-to-anticipated future income) ratio?
- Will borrowing a loan this year impact students' ability to borrow in future years?
- Will students have access to this loan for the duration of their program?
- Do borrowers need a cosigner?
  - Will a cosigner help borrowers get better terms?
  - Is there an automatic default or acceleration if the borrower's cosigner dies?
- Is there an annual, aggregate, or lifetime borrowing cap?
- Can the loan be used for past-due balances?
- Must borrowers be enrolled in a degree program to qualify?
- Is there a minimum enrollment level for borrowers to qualify for the loan?
- Must students be making satisfactory academic progress to qualify for the loan?

## Interest Rate and Fees

- What is the interest rate?
- What is the APR?
- Is the interest rate fixed or variable?
  - If variable, how often does, or can, the rate change?
  - Is there a cap on how high the interest rate can go?
- When does interest begin to accrue?
- How does interest accrue? (e.g., simple, daily, compound)?
- When does interest capitalize?
- Are there any fees associated with the loan?
- Are fees subtracted from loan proceeds or added to the amount borrowed?

## Repayment/Servicing

- When does repayment begin?
  - Can borrowers make optional payments during school?
- What is the repayment term (length)?
  - Are there different repayment plan options?
  - Can borrowers change repayment plans if their circumstances change?
- Do you offer a calculator to estimate monthly repayment amounts?
- Is there a prepayment penalty?
- Is there a cosigner release option?
- Who will monthly payments go to (servicer)?
- At what point do you report delinquencies to credit bureaus?
- What is considered a default?

## Borrower Protections

- Under what conditions can a loan be discharged?
- What happens if borrowers encounter difficulty repaying their loans?
  - Are there opportunities for temporarily reduced payments, deferment, or forbearance?
  - What conditions must be met to receive this type of relief?
  - Is there a cap on how long borrowers can receive this type of relief?
  - Does interest continue to accrue during deferment or forbearance?
- Do you offer any refinancing options?
- What happens to the borrower's loans if they decide to pursue further education in the future?