SEATTLE UNIVERSITY

Questions to Ask When Researching Private Lenders

Not all private educational loans are the same! Take the time to do some research when you are choosing a lender. Private loan lenders typically o^er variable or fixed interest rates. Loan approval and interest rate are determined by the borrower's credit. Some borrowers may be asked to find a co-signer. A co-signer is someone with good credit and income who agrees to take responsibility for a loan if the primary borrower fails to repay.
It is important that you only borrow what you can realistically a^ord to pay back and make sure the lender's repayment options work for you.

Consider asking the following questions when you're making this important decision:

1. What are the borrower benefits associated with this loan?
   Borrower benefits are repayment incentives that save you money on your loan. There are usually interest rate reductions that you can earn by making a certain number of monthly payments on time. How much money could you potentially save and how likely it is that you'll earn (and keep) the benefit?

2. What kind of interest rate is o^ered?
   Interest rates are one of the biggest factors that a^ect how much you'll ultimately pay back. A fixed rate stays the same for the life of the loan, o^ering stability and predictable payments. A variable rate may start lower but can fluctuate based on market conditions. Ask if they o^er both options and estimates of how much each could cost overtime.

3. Are there any fees associated with the loan?
   Fees vary, depending on your lender. Some lenders don't charge any fees, some do. Be sure to check with the lender about any fees they charge on their private loan products.

4. Does the loan come with a grace period?
   Many lenders o^er a grace period so that borrowers won't have to worry about making payments right after graduating. This gives you some time to find a job and may allow you to align your private loan repayment with your Federal Sta^ord Loan repayment term.

5. How will disbursements be sent? If loan funds are disbursed as paper checks, will it be made out to the borrower or to Seattle University?
   Funds are generally sent directly to the university. However, sometimes checks are sent made payable to the student borrower and require endorsement before the funds can be applied to your student account.

STUDENT FINANCIAL SERVICES

Division of Enrollment Services
901 12th Avenue|P.O. Box 222000|Seattle, WA 98122-1090
www.seattleu.edu/sfs|Phone: 206-220-8020|Fax: 206-296-5755

6. What repayment plans are available? Can I choose one? Can I switch later if my situation changes?
   Every borrower's situation is di^erent, and your repayment plan should reflect that. Common options include:
   Deferred (no payments until after school)
   Interest-only (pay interest during school)
   Flat, monthly payments (small, consistent payments while in school)
   Full repayment (start paying principal + interest right away)

7. 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 be quite significant. Also, signing up for automatic debit ensures all your payments are made on time, so you'll earn the borrower's benefits automatically. All you have to do is make sure there are su^icient funds in your account.

8. Will the loan be sold to a servicer?
   Some lenders may sell their loans so that they can re-lend the funds to future borrowers. Selling the loan to a di^erent lending institution may a^ect the borrower benefits.

9. What happens if I run into financial hardship?
   Financial hardship and uncertainty can happen to anyone. Make sure you understand what options are available and the timing and steps needed to communicate with the lender.

10. Can the lender provide you with professional and informative customer service?
    You will be working with this lender for many years. Support matters. Whether you're applying on your own or with a co-signer, you should feel confident that your lender has your back. 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.

STUDENT FINANCIAL SERVICES

Division of Enrollment Services
901 12th Avenue|P.O. Box 222000|Seattle, WA 98122-1090
www.seattleu.edu/sfs|Phone: 206-220-8020|Fax: 206-296-5755