Some Questions to Ask the Lender to Help You Compare Loans

Not all students qualify for alternative loans, so if you are in one or more of the following categories, you should ask the lenders if you qualify for one of their loans:

- Non-degree (currently taking credits outside of a degree program)
- Enrolled for less than 6 credits per semester
- Foreign students
- Parent (Some lenders have student loans for which parents may apply directly.)

Other important questions to ask:

- Do you have a fixed interest rate option and what is the interest rate range?
  - Fixed rate options, although slightly higher than variable rates, may be a better choice for long term repayment because the rates are currently low and will not change with the economy.
  - Example: Fixed rate between 5.75%-11.75% with a cosigner.

- What is your variable interest rate range?
  - Variable interest rates are very low right now and if you will be paying off the loan within a couple of years, may be a good option.

- Are there any fees involved and what are they?

- Is there a grace period (respite before repayment begins) after graduation?

- What are my repayment options and terms?
  - Deferred: begin repaying after leaving college
  - Interest Only: pay interest while attending
  - Immediate: repayment begins upon disbursement
  - Terms: 5, 10, 15 years…

- What deferment or forbearance* options are available and is there a limit to the use of these options? (*These options are to help you reduce or postpone repayment of your loan for a period of time if you have problems making your monthly payments.)

- Do you have a cosigner option and how many on-time repayments before a cosigner is released from the loan? Will a cosigner be released if the borrower dies or becomes totally and permanently disabled?
  - A cosigner with a good credit history may help you receive a lower interest rate. Your cosigner must repay your loan if you cannot.
  - Lenders may release cosigners from their liability after a required number of on-time payments or upon death of the borrower.