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Lender Lists in Three Basic Steps

Creating a preferred list of private loan lenders can help students and their families navigate options. To build this resource, follow these steps, keeping in mind that the process must be transparent and in the best interests of borrowers.

Step 1: Establish Selection Criteria

Decide what factors you will use to evaluate potential lenders. Examples of criteria include:

- **Borrower Benefits:** Consider the potential advantage for students, such as fixed versus variable interest rate options.
- **Customer Service:** Evaluate the lender's record for providing reliable support to borrowers.
- **Fees:** Compare origination fees and other costs charged by the lender.
- **Financial Stability:** Ensure the lender is financially stable and likely to continue providing loans.
- **Pre-Qualification:** Determine if the lender offers pre-qualification for students and co-signers.
- **Repayment Options:** Review the flexibility and variety of repayment plans available.
- **Transparency:** Look for clear and straightforward terms and conditions.

Step 2: Research and Select Lenders

Research lenders that meet your established criteria. You must include at least two non-affiliated lenders on the list. You can begin your search by:

- **Contacting Existing Lenders:** Reach out to lenders that your students have used over the past one to three years.
- **Sending a Request for Information (RFI):** Formally request information and loan details from prospective lenders. An RFI is not required, and you may also email questions to lenders.
- **Requesting a Letter of Affiliation:** As you seek loan details, also ask for a letter outlining any affiliations.
- **State Non-Profit Lender:** Provide low-cost, fixed-rate loan option for North Carolina residents and out-of-state students enrolled in NC Colleges and Universities.

Step 3: Disclose the List to Students

When you share the list, you must provide clear disclosures. Remember to:

- **Explain Your Choices:** Detail the reasons you chose each lender, emphasizing why their terms and conditions are favorable to borrowers.
- **Note that the List is Optional:** It is important to state prominently that students are not required to use a lender from your list.
- **Provide Pre-Application Access:** Give students access to each lender's application disclosure before they submit a loan application.
- **List Title IV Grant Aid:** Present the maximum Title IV grant aid available to students and explain why this type of aid is a better option.

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Disclaimer: Organizations compiling preferred lender lists must comply with state and federal laws. This document is for informational purposes only and is not legal advice. You should consult legal counsel before making decisions based on this information.

Contact Lynn Barnette, Vice President, Loans & Financial Aid at 919-835-2381 or lynn.barnette@cfi.org if you have questions about the NC Assist Loan Program or to request information for inclusion on your school's preferred lender list.