



How to Evaluate a Private Loan

Lender Fees

- Are there origination or disbursement fees?

Interest Rate

- How is the interest rate determined?
- What is the interest capitalization policy?
- Is the interest rate fixed or variable?
- What is the aggregate borrowing limit?

Cosigner

- What are the eligibility requirements for a cosigner?
- Do you offer a cosigner release if the borrower makes on-time consecutive payments?

Repayment Period

- When does repayment begin?
- How long is the repayment period?
- Are there prepayment penalties?
- Do you offer flexible repayment options?
- Is a grace period offered?
- Can I request a deferment or forbearance?
- Is there deferment periods for in-school, active military duty, public service, residency, etc?
- Do you offer a graduation reward once the borrower completes his/her program?

Loan Forgiveness

- Is loan forgiveness offered in the event of the primary borrower's death or disability?

Customer Service

- How much experience do your customer service representatives have?
- Can I talk to a real person, not an automated system? How long is the wait time?
- Can I email an account representative?

Electronic Processes

- Does the online application process provide instant approval?
- Do you offer interest rate deductions for auto-debit transactions?

Other Questions to Ask

- How long have you been lending loans?
- Do you have a history of selling loans?
- Do you offer loan consolidation?
- What is your default rate?