

## QUESTIONS TO ASK COLLEGES ABOUT THEIR PREFERRED LENDERS

Students and their families who are either applying for or are currently enrolled in college oftentimes have to take out student loans. In fact according to a survey provided by the College Board over 60% of the financial aid provided by colleges consists of loan aid. Many colleges have what's called a preferred lender list, which is a list of particular lenders that the school has done business with in the past. Before selecting a lender from the school's preferred lender list, students and their families are encouraged to ask school officials the following questions about lenders on the school's preferred lender list, to ensure that each lender on the list has been selected based solely on the favorable terms of their loans:

- Does the school receive anything of value for placing a lender on the school's preferred lender list?
- What are the school's criteria and process used to select preferred lenders?
- Are lenders allowed to bargain to be on a preferred lender list for one type of loan in exchange for providing a benefit to the school for promoting another type of loan?
- Does the school receive referral fees/revenue sharing on any education loans?
- Are financial aid officers or other school officials allowed to accept anything of value from a lender, including gifts or trips?
- Are school officials allowed to accept anything of value for serving on the advisory board of any lending institution, including reimbursement for travel, lodging, or meals?
- When employees of lenders operate call centers or take or make telephone calls on behalf of the school, does the school ensure that such individuals identify themselves as employees of the lender and not of the school?
- Are lenders forbidden to have agreements with the school's alumni association to compensate the alumni association for referrals of potential borrowers?

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