

“STUDENT BILL OF RIGHTS”



1. The right to unbiased advice about loans and lenders from your financial aid office.
2. The right to choose the lender that is best for you, even if that lender is not included on your school's preferred lender lists.
3. The right to know what criteria your school uses to select preferred lenders. And the right to know whether preferred lenders are paying the school or financial aid officials.
4. The right to know what benefits or rate discounts lenders offer, and whether those benefits or discounts will be available immediately, or only after a certain number of consecutive timely payments.
5. The right to know if a lender has agreed to sell its loans to another lender.
6. The right to know whether borrower benefits and discounts will continue if the loan is sold.
7. The right to know what interest rate you will be paying for the loan before you borrow.
8. The right to exhaust your federal borrowing options (Stafford, PLUS, and Perkins) before turning to higher-cost private loans.

QUESTIONS TO ASK YOUR FINANCIAL AID OFFICE AND LENDERS:

1. How does the financial aid office select preferred lenders? Do the school or financial aid officials receive any payments, benefits, or perks from lenders?
2. What borrower benefits and rate discounts do the lenders offer? Which of those benefits are contingent on your making a certain number of consecutive timely payments?
3. What percentage of borrowers actually receive the borrower benefits or rate discounts that are contingent on a certain number of timely payments?
4. Does the lender typically sell its loans? Has the lender agreed to sell loans to another lender?
5. Will my borrower benefits and rate discounts continue if my loan is sold?
6. How many students actually receive a preferred lender's advertised "as low as" interest rate?
7. What is the interest rate of the loan? Will the interest rate remain the same for the entire life of the loan?
8. When will repayment begin, and will interest accrue while I'm in school?
9. What is the total amount I will need to pay over the life of the loan, and what will my monthly payments be?
10. How long is the repayment period for the loan, and is there a penalty for paying back the loan before the end of that period?
11. What are the penalties for missing monthly payments?

Remember: If you pay your school bills on a credit card, make sure you can pay the amount due in full. Otherwise, you may find yourself with a student loan in the guise of a high interest credit card debt.

Lesson #1: Shop wisely. A student loan is a serious financial commitment.
For more information, visit www.oag.state.ny.us • New York State Attorney General's Office