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News from NASFAA

Creating a “Lender Neutral List”

Washington, D.C. (January 2008) – In the wake of last year’s investigations into relationships between lenders and financial aid offices, many aid offices are looking for ways to provide students and parents with a list of possible student loan providers without emphasizing one lender over another.

These “lender neutral lists” can provide students and parents with the information they need without creating any real or perceived conflicts of interests in the financial aid office.

Creating a lender neutral list online is fairly simple.

Cathy Simoneaux, the director of the Office of Scholarships and Financial Aid at Loyola University in New Orleans, worked with her information technology department to update Loyola’s FFELP lender Web page so that each time someone visits Loyola’s FFELP information Web page (www.loyno.edu/financialaid/FFELP.php), the order of the lender lists are rearranged. This simple solution allows Loyola to recommend some lenders without showing a preference for any one lender.

Creating a lender neutral list in print can be a bit more challenging.

Mark Kantrowitz, publisher of FinAid.org, suggests that if a paper list is used, institutions can list the lenders in alphabetical order and include a disclaimer to that effect, making it clear that lenders at the top of the list are not necessarily better or preferred over others on the list.

Another solution, offered by Christopher Penn, producer of Student Loan Network’s Financial Aid Podcast, involves printing single copies of the list from a Web page that randomly reorganizes the list. This method could be used for financial aid office foot traffic when copies are only needed on occasion. In cases of volume printing, Penn suggests printing a series of lists in different orders (e.g., A-Z, Z-A, and a couple other variations). In both cases, it might be a good idea to include a disclaimer explaining the process used to create a lender neutral list.

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For those who feel like these solutions do not provide a completely neutral list, Kantrowitz offers some facetious advice on the FinAid-L list serv:

“Put [the list] in a Scrabble layout, where they intersect. Or throw in extra letters to fill out the grid, and you have a word search puzzle – make the students do a little work to pick a lender!”

By Haley Chitty, Assistant Director for Communications, National Association of Student Financial Aid Administrators (NASFAA). Comments may be addressed to the author at ChittyH@NASFAA.org.

The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents more than 13,000 financial aid professionals at nearly 3,000 colleges, universities and career schools across the country. Based in Washington, D.C., NASFAA is the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators. Each year, members help more than 8 million students receive funding for postsecondary education. In addition to its member Web site at www.NASFAA.org, the Association offers a Web site with financial aid information for parents and students at www.StudentAid.org.

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[Editor: A photograph of the author is available for download at www.NASFAA.org/Subhomes/MediaCenter/HaleyChittyPhotoMediaCenter.jpg.]