Ferrum College Financial Aid Office
Student and Parent Loan Lender Selection Policy (Federal and Alternative Loans)

Effective Date: May 16, 2007                              Revised January 22, 2008

This policy addresses the relationship between the Ferrum College Financial Aid Office and the lenders utilized by Ferrum College student and parent borrowers in the Federal Family Education Loan Program (FFELP) and Alternative (Private) Loan Programs.

We are committed to assisting students and parents with identifying and obtaining resources for higher education, to disbursing funds in a timely manner, and to educating borrowers so an informed decision can be made.

Lender List Information

In keeping with the mission of the Financial Aid Office, we feel it is our responsibility to identify lenders that we believe will offer student and parent borrowers the best possible benefits to make their loan repayment as affordable as possible and offer great customer service.

We encourage students and parents to research lenders before making a selection. Ferrum College’s Lender List is provided simply as a resource. No one is required to select a lender from Ferrum College’s Lender List. Our office will process a loan from any qualifying lending agency a student or parent chooses to utilize.

The Ferrum College Financial Aid Office does not enter into contracts with lenders promising them a specific amount of loan volume in return for any benefits such as revenue sharing or stock options. Ferrum College has a policy that we will not accept gifts, meals, entertainment or similar incentives from any lender or guarantee agency.

Ferrum College’s Lender List is online at www.ferrum.edu/financialaid/SPP.html. A more comprehensive list of lenders can be found on the website of Educational Credit Management Corporation (ECMC) which is the designated guarantee agency for the state of Virginia www.ecmc.org/student/participating_lenders.html

Ferrum College Lender Selection Process

In 2007, Ferrum College issued a Request for Information (RFI) to 17 lenders and to which 11 lenders responded with proposals. Proposals were reviewed by the Director of Financial Aid and an outside consultant with financial aid experience. The top 3 lenders with the least total cost to borrowers for the Stafford and parent PLUS loan programs were chosen.
We asked each lender to provide the total cost of their loan (assuming students maintain all requirements to receive front and back end benefits) with some base assumptions, such as repayment term, loan type, and loan principal so that each lender was on a level playing field. We also looked at other data such as customer service, the company’s mission, and the selling of loans to other entities for informational purposes only. We saw no concerns regarding the answers to these questions from any lender so we did not use them as a direct evaluation point.

Alternative Loans

Information was gathered from received proposals regarding alternative loans as well. Since alternative loans should be considered as a “last resort” and are so diverse in regards to interest rate, deferment, benefits etc, we have decided to list each lenders’ alternative loan products to allow for greater student selection. Again, students may borrow from any alternative loan lender they wish.

The lender list will be reviewed each year and additional information requested to ensure the quality of benefits and customer service. We will also look into other lenders and programs to ensure that we are making the best possible recommendations for Stafford, Parent PLUS, and Alternative Loan borrowers.

Disclaimer

Ferrum College does not assume any liability for the information provided to us by lenders partners nor any change in lender benefits at any time. Ferrum College is releasing this information to consumers in good faith.