



## Lender Selection Information

Most families rely on some type of financing to help cover education expenses. This information sheet will help guide you as you search for loans. You may also want to consult the *Understanding Your Financial Aid Award* found at [www.anselm.edu/award-information](http://www.anselm.edu/award-information) for additional information about types of aid.

### General Advice

- Paying for college should be a shared responsibility between parents and students
- The focus is on the first year but keep in mind that this is a four year program.
- Parents and students should have open and honest discussions about financial aid and costs – students should be aware of the cost of their education and the loan debt incurred.

### What loans are available?

There are two main types of loans: federal loans and private loans.

**Federal Loans:** These include the Stafford, Perkins, and Parent Loan for Undergraduate Students (PLUS). Each has specific federal guidelines and criteria. The Stafford and Perkins loans are in the student's name while the PLUS is in a parent's name. Stafford and Perkins are not credit based and cannot be denied unless the student is in default on another student loan. The PLUS Loan can be either approved or denied. If parents plan to use the PLUS Loan, we encourage that parent to seek a pre-approval as soon as possible.

**Private Loans:** Lenders developed credit-based loan products to help students pay for school. These loans can have differing characteristics from one lender to the next. They are not guaranteed. If the family plans to use a private loan we encourage early application and credit-approval as soon as possible.

### Which loans are best for my family?

The answer depends on the individual family's circumstances. Some families use a combination of federal loans, PLUS loans, and private loans. The decision to use one type of loan over another rests with the family.

### How do I get a loan?

Saint Anselm College participates in the Federal Family Education Loan Program (FFELP). This means that our students and parents must use a lender and guarantor to obtain a Stafford Loan or a PLUS Loan. We do not get the loans directly from the government, and we are not the lender. Some schools will recommend lenders to use. We do not. We will work with whichever lender you select.

**FFELP:** Federal Family Education Loan Program consists of Stafford and PLUS Loans.

**Lender:** An entity that has entered into an agreement to participate in FFELP. Normally lenders are banks.

**Guarantor:** A state or private nonprofit organization that has an agreement with the U.S. Secretary of Education to administer a loan guarantee program under the Higher Education Act. They will typically step in and work with the borrower if the loan enters default.

**Servicer:** An entity that enters into a contract with a program participant to administer any aspect of its participation in a Title IV program. These companies typically handle all the correspondence and collections between the lender and the borrower.

**Perkins and Stafford Loan Entrance Counseling** must be completed by the student before a Perkins or Stafford Loan can be certified. Complete the Entrance Counseling at: [www.mappingyourfuture.org](http://www.mappingyourfuture.org)

If you are awarded a Perkins Loan (based on limited availability) then we will administer the loan and issue all the paperwork needed to complete the process.

It is the student's responsibility to thoroughly research the terms offered by various lenders and select a lender.

### ***Is One Lender Better than the Others?***

Lenders may offer incentives to get your student loan business. At their core, however, the federal loans should be very similar from one lender to the next. Here is a list of incentives you may find when researching your loans as well as a list of things to consider when searching for a lender. We advise starting the lender search with the bank you currently use. Families also may want to contact the education agency in their home state. Another option is to contact other large banking institutions. While some lenders may offer both federal and private loans, most lenders will only offer either federal loans or private loans.

### **Repayment Incentives (also known as Borrower Benefits)**

- Full or partial origination fee rebates
- Full or partial default fee (guarantee fee) rebates
- Principal balance reductions
- Interest rate reductions
- Reductions for using automatic direct debit of monthly payments
- Reductions for making a specific number of on-time monthly payments. Don't forget to ask what happens if you are late on a single monthly loan payment. Will you still qualify for the prompt payment discounts?

Note: We recommend that you ask the lender what percentage of their borrowers qualify for each of the borrower benefit programs.

### **Lender Stability and Customer Service**

- Number of years in the student loan business
- Ability to disburse the loan electronically to Saint Anselm College (a slower paper process may result in a delay).
- Commitment to debt management and default aversion
- Existing relationships with guarantee agencies
- Loan consolidation services and options, including lender partner agreements if a lender does not offer consolidation
- Clearly defined "life of loan" management, including policies on loan sales and the use of servicers
- Ease of application process
- Web-based loan application process and 24/7/365 account access
- Toll-free customer service 24 hours a day, 7 days a week, 365 days a year with minimal time on hold and knowledgeable customer service representatives
- Offer numerous disbursement options, including consolidated electronic fund transfer for both federal and private loans
- How well does the lender resolve problems?
- Does the lender generate a lot of complaints from its borrowers?

Note: Should you have questions about the quality of customer service that Saint Anselm has experienced with a lender, please contact the Office of Financial Aid.

**PLUS Note:** If a PLUS Loan is denied the student is eligible for an additional Unsubsidized Stafford Loan (\$4,000 for Freshman and Sophomores, \$5,000 for Juniors and Seniors)

### **Origination and**

**Guarantee Fees:** Many loans will have fees. Please remember that these fees will be deducted from each disbursement.

### **Lender Selection Form:**

Saint Anselm College has developed this form so student and parent borrowers can indicate their final choice of lender, guarantor, and amount of loan being requested. We will not certify any loans without this form.

### **Co-signer or Co-**

**borrower:** Most alternative student loans require freshmen to have co-signers in order to approve the loan. We also encourage the use of co-signers or co-borrowers for upperclass students because they generally reduce the interest rate assessed and may help the student avoid fees. The co-signer is a responsible party on the loan and will be required to repay the loan should the borrower fail to pay.