This policy addresses the Office of Financial Aid and Scholarships’ relationship with lenders on the JMU private/alternative lender list.

Mission Statement
We will ASSIST with identifying and obtaining resources to finance higher education; DELIVER funds in a timely and equitable manner; and EDUCATE, so that informed financial decisions can be made.

Preferred Lender List
In keeping with the mission of the Office of Financial Aid and Scholarships, we feel it is our responsibility to identify lenders that will offer students and parents the best possible benefits to make their loan repayment as affordable as possible. We want loans to be as inexpensive as they can be when our students enter repayment and it is our job to try and identify lenders who will do that for our students. Our primary focus is in doing what is in the best interest of the students.

We encourage our students and parents to research lenders before selecting one to process their loans and no one is required to use a lender on our Preferred Lender List. Our office will process a loan from any qualifying lending institution a student or parent chooses to use. However, in most cases, because of the standards we have to include a lender on our Preferred Lender List will be more cost effective for borrowers to select one of these lenders.

Our office does not enter into contracts with lenders promising them a specific amount of loan volume in return for any benefits the lender may provide to JMU; this includes entering into revenue sharing or reinvestment agreements. Lender benefits to JMU are not a consideration when selecting lenders to be a part of our Preferred Lender List.

Lender Selection
All lenders completed the request for information (RFI) which can be found at N:\AEM\FinAid\Common\Policy & Procedures\Loans\2014-15\Private RFI\RFI Questionnaire Feb 2014 This RFI was created with the students’ interests in mind. RFIs submitted within the required time frame were analyzed using a lender comparison matrix N:\AEM\FinAid\Common\Policy & Procedures\Loans\2014-15\Private RFI\Private Lender Comparison Matrix Results_2014-15. The completed RFIs and comparison matrix are stored N:\AEM\FinAid\Common\Policy & Procedures\Loans\2014-15\Private RFI.

As demonstrated on the lender comparison matrix, each of the 39 questions were graded from 1-5 (1= lowest, 5= highest). Lenders must have a minimum score of 117 to be included in the lender list. Lenders with a score less than 117 were not selected for the JMU Private Lender List. A score of 116 or less reflects a lender with a loan product and/or process that scored low because it did not consistently score well and therefore did not meet JMU’s minimum standards.

This is subject to change year to year. We research and review loan criteria to determine what is “average” in the current market. Criteria that are considered average will receive a mid-line score of 3. Criteria that offers a greater-than-average benefit to students will receive a score higher than 3. Criteria that are below average will receive a score less than 3.

Updating the Preferred Lender List
The Associate Director of Operations or Assistant Director of Loans will contact each lender of the Preferred Lender List at least annually, usually in February, to discuss the borrower benefits listed on the publicized Preferred Lender List for two reasons:

- Ascertain if any of the existing publicized benefits have changed. If the benefits have been decreased and no notice was given to our office about the decrease, then this will be considered in making a decision as to keep or remove the lender from the list. We expect lenders to notify us immediately if they are considering changing the benefits offered to JMU borrowers.
- Discuss current benefits with the goal of improving what is offered to JMU borrowers.

Lenders will frequently contact our office requesting to be added to the Preferred Lender List. Any lender making a contact of this nature will be listened to and their benefits and services reviewed. If the benefits and services to JMU borrowers exceed what is currently being offered by all of the lenders on the Preferred Lender List, then senior management will meet to review the list and discuss possible changes based on this new information.

We reserve the right to remove a lender from the preferred lender list upon learning the loan product(s) and/or processing and procedures no longer meets the criteria established in the RFI. For example, if we have documentation supporting the fact that a lender has repeatedly not met our standards for a particular criterion, then we will first try to rectify the situation with the lender. If the lender continues to not meet our standards, a warning will be sent to the lender. If the lender does not meet our criteria after these two previous communications, JMU will remove the lender from the lender list and notify the lender. A lender may be placed back on our list if they can provide documentation that they have made changes sufficient to meet our minimum requirements.

All decisions will be made with the best interest of the student as the primary focus.

2014-15 RFI Questions:
1. Is there 24/7 online account access for schools and students?
2. Does your organization provide extensive customer service training for reps? Please provide as much detail as possible.
3. Please explain your default prevention process, particularly what steps you take to prevent delinquency, to contact students who are delinquent, and to prevent delinquent students from defaulting.
4. What Financial Literacy do you provide and how do you communicate it? To borrowers? To schools?
5. List all front end fees.
6. List all back end fees.
7. What is your interest rate cap?
8. Average interest rates with co-signer? Without co-signer? Please provide your national averages as well as your JMU averages.
9. What is the highest interest rate which may be charged?
10. What is the lowest interest rate which may be charged?
11. Are your interest rates fixed and/or variable? How is this determined?
12. Are you willing to notify JMU of loan product changes as they occur? How will you notify us of changes?
13. How and when do you notify JMU of changes (including but not limited to cancelled certifications, borrower cancellations, reductions to loan amount, etc.) to a borrower's loan? Not receiving this information (or not receiving it in a timely fashion) was a problem for the 2013-14 school year, so please provide as much information as possible about your processes.
14. When you send a certification to JMU, have the borrowers met all of your loan requirements? We want to avoid the situation where a certification request is sent but the borrower or co-signer has not completed all paperwork, provided all disclosures, submitted the self-certification form, and/or is not 100% approved for the loan based on lender requirements.
15. How are the loans disbursed: EFT or paper check? Please list all disbursement options
16. What is the credit criteria for the borrower/co-signer?
17. What is your tiered matrix system for credit rating assessment and for interest rating assessment? Please provide as much detail as possible.
18. When does interest begin to accrue?
19. How often is interest capitalized?
20. What is your minimum income requirement?
21. What are the repayment Benefits/Options? Please also explain the ease of obtaining and retaining these benefits.
22. Please detail the circumstances in which a co-signer is required. Please detail the circumstances in which a co-signer is not required.
23. Do you offer a co-signer release? If so, what are the requirements?
24. What are the minimum enrollment requirements? Also, can loans be certified for certificate and/or continuing education students?
25. Can loans be provided for past due balances? Provide as much detail as possible about the requirements.
26. Do you offer consolidation options? If so, provide as much detail as possible.
27. Is there a grace period before repayment begins? Does interest accrue during this period?
28. When does repayment begin?
29. What are the Loan Deferment Options?
30. What is the minimum monthly payment?
31. Are there any pre-payment penalties? If so, explain.
32. What other miscellaneous benefits does your organization provide?
33. What is the average approval rate for JMU borrowers for the past 2 years?
34. What is the minimum amount that a borrower can receive? Maximum amount?
35. Are the private loans ever sold? If so, how are borrowers notified?
36. Does your organization offer Direct To Consumer loans? If so, will you contact the school about the cost of attendance limit before approving the DTC loan?
37. How is your organization handling the self-certification and loan disclosure forms?
38. Is SAP required? If so, how is this requirement communicated with borrowers? Include a copy of your SAP policy.
39. Do you offer loan forgiveness in the event of borrower death or permanent disability?