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Updated: 04/06/2022

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private lender arrangement

policies and procedures

This document addresses the Office of Financial Aid and Scholarships’ Preferred Lender Arrangement Policies and Procedures; this information is applicable to institution-affiliated offices.

[**The Office of Financial Aid and Scholarships**](https://www.jmu.edu/financialaid/index.shtml)

***Vision Statement***

*The Office of Financial Aid and Scholarships supports access to JMU by pursuing an innovative, student-centered approach:  providing guidance, engaging with students, and empowering responsible academic and financial decisions.*

***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.*

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Preferred Lender Arrangement

Preferred Lender Selection

The Financial Aid Director, Associate Director of Operations, Assistant Director of Loans, and/or Private Loan Coordinator have the authority to enter into a preferred lender arrangement. The Private Loan Coordinator and/or another authorized individual will contact lenders currently on the JMU Preferred Lender List at least annually, usually between mid-February to early April and request completion of the most current [Request for Information (RFI)](#_2021/22_RFI_Survey).

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 given an opportunity to complete an RFI either for the current academic year or the upcoming academic year; the academic year addition will be determined by timing of request. If it is determined that the benefits and services offered meet JMU’s minimum standards, the preferred lender list will be updated to reflect the lender addition.

* Lenders included on JMU’s Preferred Lender List must be reputable and provide the following to students:
  + Demonstrate financial stability with the intention and ability to provide loan products in the future.
  + Reliable customer service to both JMU students and staff.
  + Must participate in electronic loan processing and disbursement of funds, using our preferred private student loan processor, GreatLakes/Scholarnet.
  + Must comply with the disclosure regulations published by the Department of Education
  + Must comply with JMU’s Code of Conduct.

We may deny a lender addition to our Preferred Lender List should the lender not meet the above-mentioned criteria. We will also ascertain if any of the existing publicized lender benefits have changed. If the benefits have been decreased and no notice was given to our office about the decrease, this will be considered when deciding 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.*

*The Preferred Lender policy is included in the RFI Survey to be viewed by lenders during completion of the RFI Survey.*

**The Value of Customer Service**

Customer Service is an essential quality in any lender yet difficult to qualify via a questionnaire such as the RFI. We reserve the right to remove a lender from the preferred lender list if they consistently provide poor customer service. JMU will document repeated incidents of poor customer service and contact the lender to resolve the poor service. If the lender continues to provide poor customer service, we will send a warning to the lender that they are at risk of being removed from the lender list. If the lender does not improve their customer service after this communication, JMU will remove the lender from the lender list, without prior notice.

**School of Professional & Continuing Education**

The School of Professional & Continuing Education (PCE) currently certifies private education loans for not-for-credit students, and, beginning with the summer 2017 using Great Lakes’ Fast Choice platform, posts a list of lenders that make loans for not-for-credit students. When this student population applies for a private loan they will select the JMU school code (003721) and the branch code (98); the branch code will ensure that the certification is sent directly to PCE.

The Office of Financial Aid and Scholarships’ annual RFI is also used to determine PCE’s lender list because of Financial Aid’s RFI question under “lending criteria-academic” regarding enrollment, including for not-for-credit coursework. PCE will only include lenders on their list who certify loans for not-for-credit courses.

Upon the Financial Aid Office’s completion of the annual RFI, Financial Aid will notify Professional and Continuing Education which lenders are eligible so they may update their list. Should the number of lenders fall below the federal requirement of two, PCE will deactivate their FASTChoice Preferred Lender List for that academic year.

Code of Conduct

The [Student Loan Activities Section of the Code of Conduct, Policy 4104](https://www.jmu.edu/JMUpolicy/policies/PDFs/4104.pdf) includes the policy applicable to federal loans, private education loans, and preferred lender arrangements. The policy is distributed by the Director of Financial Aid, annually and is for public viewing on the JMU website.

**Marketing**

Our office does not display nor distribute any lender marketing materials, including brochures, flyers, logos, or other types of private lender branding.

Private Education Loan Disclosures

This section addresses the disclosure requirements for private education borrowers applicable to the Office of Financial Aid and the School of Professional and Continuing Education (PCE). PCE receives applicable disclosure information annually; this information is provided by the Financial Aid Office’s Private Loan Coordinator and/or Assistant Director of Loans.

It is the responsibility of the Private Loan Coordinator and/or Assistant Director of Loans to monitor any changes in the disclosure requirements and to make the changes as needed to ensure the disclosure information is accurate.

Our policy states that any communication with borrowers to assist in locating a lender must be unbiased and may not show favoritism; therefore, we have made it common practice to include verbiage when counseling students on lender selection, regardless of the communication method used.

While private loans may bridge the gap between need-based financial aid and total educational expenses, they are typically less favorable than Title IV programs. This information is delivered via several forms of written communication, during counseling sessions, financial aid presentations, and publicly on our Financial Aid website.

JMU’s School of Professional & Continuing Education (PCE) maintains a preferred lender list when no less than two lenders offer products applicable to the non-credit student population. PCE adheres to this policy and works with the Financial Aid Office’s Private Loan Coordinator and Assistant Director of Loans to ensure proper disclosure information is provided.

***Note:*** *Students seeking private loan information through PCE are not eligible for Title IV aid; therefore, there is no communication provided to their students regarding Title IV aid options*.

**Self-Certification**

Upon receipt of a student’s private loan certification request, the student will receive an email confirming receipt of the certification; this email contains a direct link to the self-certification form provided on the Financial Aid website.

The Financial Aid website offers further guidance to students:

*Submit a Private Loan Self Certification Form to your lender. This form will be provided during the application process. If your lender has requested a Self-Certification Form and one has not been provided to you, contact your lender or complete the below form and submit it to your lender. You will not receive your loan funds until this step is complete.*

Should a student request assistance in completing the Self-Certification form, they are directed to the Private Loan Coordinator, or another member of the Financial Aid Loan Team to obtain the necessary cost of attendance and other financial aid figures required.

The office of PCE will assist their student population should a student require assistance in completing the form.

**Title IV Aid Options**

The responsibility of maintaining distinction between Title IV programs and private education loans is an office wide responsibility.

In order to empower responsible financial decisions, it is our office policy to ensure students are aware of Title IV programs, including loans, and offer information to assist in their borrowing decision(s).

The Financial Aid Award Offer informs students and their families of the Title IV aid that has been offered to them. There are three types of award offers:

**Preliminary**

* + Sent to Prospective students
  + Notification sent via student’s home email in April
  + An estimate based on Cost of Attendance (COA) from previous year

**Official**

* + Sent to students with a paid deposit
  + Based on COA for upcoming year
  + Notification sent to student’s JMU email in June

**Revised**

* + Sent to students with a change in their aid package
  + Notification via JMU email

Upon receipt of a private loan certification an email communication is sent to the student as follows.

* If a private loan certification is received for a student with no FAFSA on file for the corresponding aid year, an email is sent to the student containing federal aid options and the benefits of utilizing Title IV aid.
* If a private loan is received for a student who has a FAFSA on file, an email of receipt is sent to the student; this email contains Title IV aid benefits and encourages the student to review federal aid offers promptly.
* Should a student have a private loan certification on file but has not reviewed their Title IV aid offers, the certification will be held for 2 weeks from the date the certification was received. This provides adequate time for the student to review and act on the Title IV offers.

Lender Selection Tool

Our office offers private loan information via the online private loan selection and counseling tool, [FASTChoice](https://choice.fastproducts.org/FastChoice/home/372100). This tool gives us the ability to customize our preferred lender list, provide necessary disclosures, and assists borrowers understanding borrower responsibilities. Here students may navigate to our preferred lender list and used advanced filter options to identify a specific need as well as compare lenders.

*Prior to accessing the JMU Preferred Lender List, the student must acknowledge review of the disclosure provided.*

*The lenders and loan options presented in FASTChoice were selected for the excellent terms and benefits they provide to borrowers. To determine which lenders and loan options to present, we use strict criteria based on your interests and not those of our institution. We recognize only those lenders who provide you with exceptional customer service, excellent incentives (e.g., low interest rates, no origination fees, and loan principal reductions), timely processing, and electronic funds transfer capabilities when possible.*

*All of the information provided on the Loan Options page is reviewed annually to ensure that the benefits that the lenders offer continue to adhere to our criteria. Any loan options that no longer adhere to our criteria are removed, and new loan options are added. At least two lenders will be presented to you at all times.*

*You are free to choose any lender, including those not presented. If you choose a lender that is not presented, please contact the financial aid office. Application processing will not be delayed unnecessarily if you choose a lender not presented.*

*Our officials are prohibited from accepting any financial or other benefits in exchange for displaying lenders and loan options in FASTChoice. Prohibited activities include: receiving compensation to serve on any lender board of directors or advisory boards; accepting gifts including trips, meals, and entertainment; allowing lenders to staff our institution's financial aid office; allowing lenders to place our institution's name or logo on any of their products; and owning of lenders' stock (for college officials who make financial decisions for our institution).*

*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.*

2021/22 Preferred Lenders: Main Branch Code -00

Lenders included on the 2021/22 Preferred Lender List

* + Nelnet Student Loans
  + SoFi
  + Custom Choice powered by Cognition
  + Funding U No Cosigner Student Loan
  + PNC
  + Sallie Mae
  + Ascent Funding
  + Discover Student Loans
  + KHEAA Advantage Education Loan
  + Union Federal Private Student Loan
  + Earnest
  + Citizens
  + M&T Bank
  + AAA Advantage Student Loan
  + College Ave Student Loans

2021/22 Preferred Lenders: Professional and Continuing Education -98

N/A for the 2021/22 Aid Year. With staffing changes there is currently not an active Preferred Lender List for the School of Professional & Continuing Education.

# 2021/22 RFI Survey

**The Survey is viewable via PDF and Word format on the N: Drive**

File path: N:\AEM\FinAid\Common\Policy & Procedures\Loans\2022-23

Survey Delivery and Scoring

In order to identify lenders who best meet the needs of our students and parents, we created the survey using multiple types of survey questions (i.e. multiple choice, open ended, etc.). While many questions are reviewed to determine if a lender meets our minimum requirements, some are for informational purposes only. Those used for informational purposes assist our private loan processor(s) in not only providing customer service to our students, but also the ability to work cohesively with our preferred lenders.

**Survey Platform:**

All lenders completed the 2021/22 Request for Information (RFI) questionnaire using the university’s web-based survey tool, [QuestionPro](https://www.jmu.edu/computing/teaching-and-learning/question-pro.shtml) and follows security standards.

**Score Guidelines:**

* The 2021/22 Request for Information (RFI) contains 39 questions, of which 25 are scored.
* Each question is graded on a scale of 1-3 (1=lowest, 3=highest). Lenders must have a minimum score of 50 to be included on the lender list; therefore, lenders who score less than 50 were not selected for the JMU Private Loan Preferred Lender List. Criteria that are considered average will receive a mid-line score of 2. Criteria that offers a greater-than-average benefit to students will receive a score of 3. Criteria that are below average will receive a score of 1.
* Lenders who have a score of 49 or less reflect loan products, service(s), and or processes that did not merit a score of at least 2 and therefore do not meet JMU’s minimum standards. Criteria that are considered average will receive a mid-line score of 2. Criteria that offers a greater-than-average benefit to students will receive a score of 3. Criteria that are below average will receive a score of 1.

**Question Types:**

* Open-ended questions are reviewed manually by the RFI Committee.
* Multiple Choice Questions have been assigned pre-determined variables within the survey that will determine the score of 1, 2, or 3*. If the multiple choice question has a follow-up question and, it is determined that the information provided warrants an adjustment to the pre-determined score, it will be adjusted accordingly.*
* Some questions hold a higher weight in determining lender selection and are identified in the scoring summary below.

These criterion are subject to change annually. We research and review loan criteria to determine what is “average” in the current market.

Scoring Variables and Criteria

[[1]](#footnote-1)Average JMU Approval

1. **Question**: **Please provide your average approval rate for JMU borrowers, over the past two years.**

[[2]](#footnote-2)Consistency in Customer Service

1. **Question**: **Please explain how, in your training processes, you are ensuring consistency between the school and borrower services team.**

[[3]](#footnote-3)Preventing Delinquency

1. **Question**: **What steps are taken to prevent delinquency?**
2. **Question**: **Please explain the process of communicating with delinquent borrowers.**
3. **Question:** **What steps are taken to prevent delinquent borrowers from defaulting?**

[[4]](#footnote-4)Interest Rates & Fees

1. **Question**: Which interest rate type(s) applies to your loan product?

***Multiple Choice-One Selection***

* Fixed interest rate—*2 points*
* Variable interest rate—*2 points*
* Both Fixed and/or Variable options—*3 points*

1. **Question**: Which option reflects your current interest rate cap?

***Multiple Choice-One Selection***

* 0.00% - 14.00%--*3 points*
* 15.00% - 21.00%--*2 points*
* > 22.00%--*1 point*
* No Interest Rate Cap—*1 point*

1. **Question**: Do you charge any front end fees? (I.e. origination or guarantee fee)

***Multiple Choice-One Selection***

* Yes—*1 point*
* No—*2 points*

*Follow-up Question- Please explain the front end fee(s) charged? Question populates ONLY IF “Yes” is selected for Question #8 (above).*

1. **Question**: Do you charge any back end fee(s)?

***Multiple Choice-One Selection***

* Yes—*1 point*
* No—*2 points*

*Follow-up Question- Please explain the back end fee(s) charged. Question populates ONLY IF “Yes” is selected for Question #9 (above)*

[[5]](#footnote-5)Eligible Student Populations

1. **Question: Which student populations are your loans available to? Select all that apply.**

***Multiple Choice- Select All that Apply***

* Undergraduate Students—*1 point*
* Graduate Students—*1 point*
* Parents (Private Parent Loans)—*0 point (informational purposes only)*
* International Students—*1 point*

[[6]](#footnote-6)Enrollment Requirements

1. **Question: Which of the following enrollment statuses meets your guidelines for undergraduates?**

***Multiple Choice- Select All that Apply***

* Full-time—*1 point*
* Half-time—*1 point*
* Less than half-time—*1 point*

1. **Question: Which of the following enrollment statuses meets your guidelines for graduates?**

***Multiple Choice- Select All that Apply***

* Full-time—*1 point*
* Half-time—*1 point*
* Less than half-time—*1 point*

1. **Question: Do you offer loans to continuing education students?**

***Multiple Choice-One Selection***

* Yes—*3 points*
* No—*2 point*s

1. **Question: Do you offer loans to students in a certificate program?**

***Multiple Choice-One Selection***

* Yes—*3 points*
* No—*2 points*

[[7]](#footnote-7)Satisfactory Academic Progress

1. **Question: Do students need to be meeting Satisfactory Academic Progress to qualify?**

***Multiple Choice- One Selection***

* Yes—*1 point*
* No—*2 points*

*Follow-up Question-If yes, please explain how the requirement is communicated during the application process. Question populates ONLY IF “Yes” is selected for Question #15 (above)*

[[8]](#footnote-8)Maximum loan eligibility

1. **Question: Is the maximum loan amount, per academic calendar year, calculated as: Cost of Attendance (minus) Financial Aid Received?**

***Multiple Choice- One Selection***

* Yes—*2 points*
* No—*1 point*

*Follow-up Question: Please explain how the maximum loan amount, per academic calendar year, is determined. Question populates ONLY IF “Yes” is selected for Question #16 (above)*

[[9]](#footnote-9)Past due balance Loan Option(s)

1. **Question: Are loans provided for past due balances?**

***Multiple Choice- One Selection***

* Yes—2 points
* No—1 point

*Follow-up Question-Please provide as much detail as possible about the requirements for past due balance loans. Question populates ONLY IF “Yes” is selected for Question #17 (above)*

[[10]](#footnote-10)Income Requirement(s)

1. **Question: Is there a minimum income requirement?**

***Multiple Choice- One Selection***

* Yes—manual review
* No—manual review

*Follow-up Question-Please provide the minimum income requirement figure. If unable to provide a specific dollar amount please provide as much information as you can. Question populates ONLY IF “Yes” is selected for Question #18(above)*

[[11]](#footnote-11)Co-Signer Release

1. **Question: Do you offer a co-signer release option?**

***Multiple Choice- One Selection***

* Yes—2 points
* No—1 point

*Follow-up Question-What requirements must be met to qualify for a co-signer release? Question populates ONLY IF “Yes” is selected for Question #19(above)*

[[12]](#footnote-12)Loan Forgiveness

1. **Question: Do you offer loan forgiveness in the event of death of borrower or co-borrower?**

***Multiple Choice- One Selection***

* Yes—3 points
* No—1 point

*Follow-up Question-Provide as much detail as possible about the product(s) loan forgiveness option.* *Question populates ONLY IF “Yes” is selected for Question #20(above)*

[[13]](#footnote-13)Scholarnet capability

1. **Question: Do you send certifications via Great Lakes/ScholarNet?**

***Multiple Choice- One Selection***

* Yes—2 points
* No—1 point

*Follow-up Question-How frequently do you send certifications to Great Lakes/Scholarnet? Question populates ONLY IF “Yes” is selected for Question #21(above)*

1. **Question: Do you work with Great Lakes/ScholarNet to send and receive loan changes?**

***Multiple Choice- One Selection***

* Yes—3 points
* No—1 point

*Follow-up Question-How frequently are loan change files sent to Great Lakes/Scholarnet? Question populates ONLY IF “Yes” is selected for Question #22(above)*

1. **Question: Do you work with Great Lakes/ScholarNet to disburse funds?**

***Multiple Choice- One Selection***

* Yes—2 points
* No—1 point

*Follow-up Question-How frequently do you send disbursements to Great Lakes/Scholarnet? Question populates ONLY IF “Yes” is selected for Question #23(above)*

1. **Question: Do you work with Great Lakes/ScholarNet for return of funds?**

***Multiple Choice- One Selection***

* Yes—2 points
* No—1 point

[[14]](#footnote-14)Credit Expiration

1. **Question: How long can a loan be in a pending status before credit expires? (I.e. 365 days)**

*Survey Responses Found:*

*N:\AEM\FinAid\Common\Policy & Procedures\Loans\2021-22\Private RFI\Completed QuestionPro RFI Submissions*

*Comparison Matrix Found:*

*N:\AEM\FinAid\Common\Policy & Procedures\Loans\2021-22\Private RFI\Private RFI Comparison Matrix.*

1. Section has total of **3** points possible. Open-ended question. Manual review and scoring. [↑](#footnote-ref-1)
2. Section has total of **3** points possible. Open-ended question. Manual review and scoring. [↑](#footnote-ref-2)
3. Section has total of **9** points possible. Open-ended question. Manual review and scoring. [↑](#footnote-ref-3)
4. Section has total of **12** points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-4)
5. Section has total of **3** points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-5)
6. Section has total of **12** points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-6)
7. Section has total of **3** points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-7)
8. Section has total of **3** points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-8)
9. Section has total of **3** points possible. Multiple choice with pre-determined score using survey scoring variables. [↑](#footnote-ref-9)
10. Section has total of **3** points possible. Scored similar to an open-ended response with manual review. Score is determined by dollar amount of income requirement. [↑](#footnote-ref-10)
11. Section has total of 3points possible. Multiple choice questions with pre-determined score using survey scoring variables. [↑](#footnote-ref-11)
12. Section has total of 3points possible. Multiple choice questions with pre-determined score using survey scoring variables. **Section is weighted in overall lender selection.** [↑](#footnote-ref-12)
13. Section has total of 12points possible. Multiple choice questions with pre-determined score using survey scoring variables. **Section is weighted in overall lender selection.** [↑](#footnote-ref-13)
14. Section has total of **3** points possible. Open-ended question. Manual review and scoring. [↑](#footnote-ref-14)