

2010-11 Kaplan University Selection Process for Private Loan Preferred Lender List

Kaplan University (Kaplan) developed a process and methodology for reviewing student loan providers for inclusion on our private loan preferred lender list. We have an internal Lender Evaluation Committee that includes senior officers/executive directors from Financial Aid, Regulatory Affairs, and Student Lending. The Committee has assessed the customer service, products and services, operations, and processing capabilities of these lenders to help ensure that they continue to provide competitive interest rates and good customer support for Kaplan students.

In 2008, we implemented a "Request for Information" process to solicit eligible lenders for consideration. Our Lender Evaluation Committee reviewed the lender responses and analyzed each candidate to come up with our preferred lender list. Kaplan also considered the lenders chosen by students because of an existing financial services relationship or those found through students' own lender research. The company's objective is to identify eligible lenders that provide outstanding benefits and customer service for our students. Since then, we have been getting annual updates from private loan lenders on product changes and getting feedback from Financial Aid and Kaplan students.

You have the right to choose any lender currently participating in private loan programs regardless of whether they are included among the University's preferred lenders. Kaplan will certify loans from any lender selected by the borrower and the company will not cause unnecessary certification delays for borrowers choosing lenders outside of the preferred lender list.

Federal Loans (Stafford and PLUS Loans)

The federal government has discontinued the Federal Family Education Loan Program for all loans made after July 1, 2010. As of this date, Kaplan only offers the Direct Loan Program for Stafford and PLUS Loans.

Private Loans

Although federal loans may cover many of your educational expenses at Kaplan, you may need additional funds. Private loans are a potential source of additional funding for educational expenses, and they should only be considered to supplement funds available from federal student aid. Private loans are not guaranteed by the government, and they are credit-based. Your eligibility is determined by the lender, which will evaluate you for creditworthiness under their underwriting standards. We do not make any representations on whether you meet the lender's qualifications. If you have an inadequate credit history, many lenders may require that you obtain a creditworthy cosigner before you are approved for a private loan.

Private loans often carry higher fees and interest rates than federal loans, and many do not have the generous deferment and forbearance options available with federal loans. You should carefully evaluate your need for private loans and approach these loans with caution. The funds available from a private loan are limited to the cost of education less other financial aid. If you need a private loan, please contact your lender for specifics on the terms and conditions of their private loan offers.

2010 Lender List

To assist you with this process, Kaplan has compiled a preferred lender list and considered a variety of factors. Our list includes more than two private loan providers that are not affiliated.

Kaplan reviews lender information on an annual basis, and will update the website and materials as necessary, based on the criteria noted below. Kaplan has never received, and will not accept, inducements from lenders in exchange for including lenders on our preferred lender list.

Lender Choice Factors:

Loan Terms-Lenders sometimes offer interest rate reductions for automatic deduction from a checking or savings account or for on-time payments.

Customer Service-The Lender Evaluation Committee was focused on finding lenders that offer good customer service. Some of the dimensions of our analysis included: comprehensive website; communications via phone and email; hours of operation (by phone and the Web); speed of answer (by phone); multiple payment methods; availability of combined billing of federal and private loans; and in-house servicing. We also considered any student complaints in our evaluation, and our review did not indicate any customer service concerns on the part of Kaplan students.

Financial Stability-The lenders included on our private loan preferred lender list are in sound financial condition and they have access to funding in order to support lending programs.

Processing Capability and Technology-The lenders on our preferred lender list offer quick turnaround of loan applications for students and have the requisite electronic processing necessary to avoid having a student's aid unnecessarily delayed. The Financial Aid Office can quickly certify loans electronically and disburse funds to the student's account. All of the lenders on this list offer electronic funds transfer (EFT) and e-signature, so your loans should be processed in a timely manner.

Debt Management and Default Prevention- The private loan lenders on our list are focused on preventing defaults, and they work with Kaplan to help inform students on how to avoid loan defaults. The lenders included in our evaluation have low cohort default rates (for federal loans), an indicator of a strong commitment to helping students manage their repayment obligations.

In addition to the points above, our private loan lenders comply with all of the necessary disclosure requirements for private education loans under Regulation Z of the Truth in Lending Act. They have provided a copy of their Regulation Z disclosures in accord with Title X of the Higher Education Opportunity Act.

The Kaplan Financial Aid Office will assist you in researching financial sources for your education expenses. If you would like to provide feedback on our preferred lender list, please contact us at studentfinance@kaplan.edu.

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