

## **Kaplan University Selection Process for Student Loan Preferred Lenders List**

**Kaplan University** has developed a formal process and methodology for reviewing student loan providers for inclusion on our preferred lender list. We have an internal Lender Evaluation Committee that includes senior officers/executive directors from Financial Aid, Regulatory Affairs, and Student Finance. The Committee will meet on a semiannual basis to assess 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.

For 2008, we implemented a formal "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 University 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.

You have the right to choose any lender currently participating in the federal loan programs or providing private loans regardless of whether they are included among the University's preferred lenders. Kaplan University will certify loans from any lender selected by the borrower that offers the loan, consistent with federal regulations, 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)**

Borrowers may choose any eligible lender participating in the Federal Family Education Loan Program (FFELP). The terms and conditions of federal loans are set by the federal government (maximum interest rates, fees, and conditions for forbearance and loan forgiveness options); however, many lenders offer unique benefits, and you should research lenders before making a decision. Occasionally, lenders sell their loans to other parties. You should contact your lender to ask further questions about this practice.

### **Private Loans**

Although federal loans may cover many of your educational expenses at Kaplan University, 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. Lenders determine creditworthiness by evaluating employment, income, and how you pay your bills. 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 they 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, you should consider using the same lender for your Stafford loan because you may be able to take advantage of combined billing when you are repaying the loans. Please contact your lender for specific information on the terms and conditions of their private loan offers.

### **2008 Lender List**

To assist you with this process, Kaplan University has chosen several lenders for our preferred lenders list and considered a variety of factors. Our list includes the William D. Ford Direct Loan Program, more than three FFELP lenders that are not affiliated, and more than two private loan providers that are not affiliated. The lender list is presented in alphabetical order.

The Lender Evaluation Committee is reviewing lenders on an annual basis, and will update the website and materials as necessary, based on the criteria noted below. Kaplan University 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 either upfront benefits for students (subsidy of the origination fees or the default fees) and/or interest rate reductions for automatic deduction from a checking or savings account or for on-time payments.

**Customer Service**-The Lender Evaluation Committee was highly focused on finding lenders that offer good customer service. Some of the dimensions of our analysis included: comprehensive website; communications via phone, email, and live chat; 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 University students.

**Financial Stability**-The lenders included on our student loan preferred lender list are in strong financial condition and have the ability to access the federal liquidity program under the Ensuring Continued Access to Student Loans Act to continue to make federal student loans.

**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 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 Lender Evaluation Committee included debt management and default prevention in our lender review to help our students focus on building financial literacy and managing their repayment obligations. These lenders have a strong focus on preventing defaults, and they work with Kaplan University 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.

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

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