



## **22.002: Determination of Lenders Under the Federal Family Education Loan Program**

**Responsible Executive:** Associate Vice President for Enrollment Management  
**Responsible Office:** Financial Aid Office  
**Related Policy:** 1. U. S. Department of Education Dear Colleague Letter, May 9, 2008, School Use of a Preferred Lender List in the FFELP Program  
2. National Student Financial Aid Administrators Association Statement of Ethical Principles and Code of Conduct for Institutional Financial Aid Professionals  
**Approved-On Date:** July 7, 2008 University Counsel  
July 15, 2008 Executive Cabinet  
August 29, 2008 Board of Visitors  
**Effective Date:** July 1, 2008  
**Revision Date:**

### **Policy Statement**

Norfolk State University primarily delivers student loans through the U.S. Department of Education's Direct Loan Program. Other loans, (parent loans and private loans) are delivered through the Federal Family Education Loan Program (FFELP) lenders. This policy has been established to address the management of FFELP lenders by the Financial Aid Office. The policy is governed by the National Association of Student Financial Aid Administrators (NASFAA) *Statement of Ethical Principles and Code of Conduct for Institutional Financial Aid Professionals*.

[www.nasfaa.org/subhomes/mediacenter/nasfaacodeofconduct.pdf](http://www.nasfaa.org/subhomes/mediacenter/nasfaacodeofconduct.pdf)

### **Purpose**

The purpose of this policy is to ensure that the Financial Aid Office adheres to NASFAA guidelines and the U.S. Department of Education regulations as well as State and Institutional governing documents. Conformity with the regulations ensures the Financial Aid Office will select lenders that utilize the NSU electronic funds transfer system, as designed by Datatel Corporation. Thereby, students and their families are assured of competitive rates, and the timely delivery of loan funds. The Financial Aid Office along with the U.S. Department of Education believes "that a borrower's choice of lender may be better informed by preferred lender lists and other consumer information on the federal student loan process, which play a useful role in assisting financial aid administrators in dealing with the large volume of requests for information and assistance, and in informing borrower choice." (Dear Colleague Letter, published May 9, 2008, DCL ID: GEN-08-06, FP-08-06).

<http://ifap.ed.gov/dpclatters/GEN0806.html>

## Procedures

The Financial Aid Office will make available to its students a listing of lenders which have demonstrated the willingness to service NSU students and their families. A minimum of three unaffiliated lenders is required. However, the Financial Aid Office may select more than three lenders. Selection criteria include the unbiased research by the Student Loan Unit within the Financial Aid Office to identify lenders providing the best combination of services and benefits to borrowers at NSU.

The Financial Aid Office accepts applications from any FFELP lender that students and their families may choose. For the borrower's convenience, the NSU financial aid 'lender list' will include an outline of the processes to be followed for student borrowing, along with selected lenders. The Financial Aid Office will publish the following facts in NSU financial aid consumer information manuals *and* online:

More than 3,000 lenders participate in the Federal Parent Loan for Undergraduate Students (FPLUS) as well as the alternative and private loan programs. Students are offered the opportunity to borrow funds from any of these lending institutions. Students' choices are made using criteria such as name recognition, personal banking experience, interest rate, repayment benefits, and recommendations.

**IMPORTANT: The borrower can choose and NSU will process loan applications from any Federal Family Education Loan Program (FFELP) lender.** Additionally, the Financial Aid Office provides a list of lenders as a resource for NSU students and their families. These lenders have competitive rates and benefits, good customer service, are capable of delivering loan proceeds quickly using the NSU electronic loan delivery processes. **The Financial Aid Office does not prefer one lender over another lender.** In addition, new lenders may be added to the list while others will be removed for failure to meet the expectations of NSU students, parents and administrative procedures. Regular monitoring of the lender list gives the Financial Aid opportunities to be an advocate for NSU students.

Norfolk State University does not accept incentives from any student loan provider. The University's conflict of interest policies also prohibit employees from accepting gifts with more than a nominal value from any outside entity.