



How should I choose a lender?

A guide for students and parents who are considering the Stafford or PLUS loan to pay for tuition, fees, books and other educational costs.

Federal Family Educational Loan Program (FFELP) loans are available at low interest rates, and with extended repayment terms to assist students and their parents in meeting the educational costs of attending college. Because loan indebtedness has serious implications, students and parents should carefully consider the amount of their borrowing (both yearly and cumulative) and borrow the minimum necessary to reasonably meet those expenses that remain above the financial aid grant award (if, any).

All students and parents have free and unencumbered access to borrow from any lender that offers loans under the FFELP program. Under federal regulations the financial aid office may recommend a lender to you. The Office of Financial Aid's recommendation of a lender to you is based upon the lender's lower fees, customer service and repayment incentives. You are not required to use a recommended lender for your loan; the choice of lender is yours. CCC's Office of Financial Aid Office will process, without prejudice, any properly completed FFELP loan application for any eligible student.

Camden County College's priority deadline for submission of your FFELP loan application is May 1. To borrow from the Stafford program you must state that you are interested in receiving a loan on your Free Application for Federal Student Aid (FAFSA) and complete a Stafford Master Promissory Note (MPN). To borrow from the PLUS program you must complete a PLUS MPN. You can complete your MPN online or on paper. Usually you will complete the MPN once during your enrollment at CCC.

A completed FAFSA is prerequisite to your FFELP loan application. For quickest processing submit your FAFSA online at www.fafsa.ed.gov. You may be required to also submit other documents to complete your loan application. For additional information about the loan application process check the financial aid Forms Library at www.camdencc.edu.

You should ask the following questions to assist in your selection of a lender for your Stafford or PLUS loan:

1. What is the lender's interest rate?

A: The FFELP interest rates are set by federal law and do not vary among lenders. As such, the interest rate is not a factor to consider when comparing lenders within the FFELP program. All lenders will offer the current federally mandated interest rate.

TURN OVER FOR ADDITIONAL IMPORTANT INFORMATION !

2. What percentage of the loan does the lender charge for insurance and origination fees?

A: Choose a lender that charges the lowest possible fees for your Stafford loan. Under the federal regulations governing the Stafford program, lenders are permitted to charge up to 4% of the amount borrowed in origination fees, thereby reducing the amount available to the student. (The student is required to repay the full amount borrowed, including fees). The lenders that the financial aid office recommends to students offer Stafford loans with 0% fees, which allows the borrower to maximize the amount of money from the loan that is available for his/her educational costs. At CCC students collectively realize a savings of more than one-third of one million dollars annually from 0% fee Stafford loans.

3. Does the lender offer "back-end" savings and repayment incentives?

A: Choose a lender that offers repayment incentives. Many lenders offer benefits to you if you make on-time payments for a specified period of time. You may be able to gain a reduction in your interest rate for the life of your loan by making on-time payments, or meeting other payment guidelines. A reduction in your interest rate could save you hundreds of dollars on the repayment of your loan.

4. Does the lender offer excellent customer service?

A: It is critical that the lender offer excellent customer service. Speedy, efficient, knowledgeable customer service becomes critical when problems arise (as they occasionally, but invariably do) in the certification, guaranteeing, processing, disbursement or servicing of FFELP loans. The financial aid staff may be able to answer your questions about customer service from our experience of working with the lender that you are considering.

5. Does the lender offer electronic processing of your loan?

A: The lender should offer electronic processing for the guaranteeing and disbursing of their loans. Electronic processing provides both you and the aid office with enhanced ability to monitor the loan through all of the stages of the application, certification, guarantee, disbursement and repayment process. Additionally, electronic processing allows the student to receive his/her loan more quickly cutting days or even weeks out of the application process.

6. Will the lender disburse your loan electronically?

A: Your lender should be able to offer Electronic Funds Transfer (EFT) of your loan proceeds. The alternative to EFT is disbursement by a paper check. If your loan is disbursed via EFT you will not be required to visit the business office to sign a paper check. Disbursement by paper check generally increases the length of time required for you to receive your loan proceeds.

College Disclosure Statement

Camden County College does not receive any thing of value from any lenders as the basis to recommend for or against any lender to potential borrowers. The College does not have any financial arrangements with any lenders. The College does not receive any financial incentives from any lenders that offer loans under the FFELP programs.